Daily Report

Latin America

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FBIS-LAT-95-015 *24 January 1995*

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Bolivian President Opens Andean Pact Ministerial Meeting

PY2401005395 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 23 Jan 95

[FBIS Translated Text] President Gonzalo Sanchez de Lozada opened the meeting of foreign ministers of the Andean Pact in Santa Cruz on 23 January. President Sanchez de Lozada said in a speech that the Andean Pact must be saved because it is the pioneering integration process of the continent which, like the phoenix, must rise from the ashes. We have a report by Fortunato Esquivel from Santa Cruz:

[Begin recording] [Esquivel] President Sanchez de Lozada called on the foreign ministers of the Andean Pact, who are meeting in Santa Cruz, to study the present and future of the pact, to give new life to the pact by updating it with the new development process of integration. He said the Andean Group must come back to life, like the phoenix, for the future development of its members. He said the Andean Group was the first integration process, the pioneer that stayed behind other groups, especially the Mercosur [Common Market of the South]. In this regard, Sanchez said:

[Sanchez de Lozada, in progress] ...the first process of integration stayed behind for very special, very understandable reasons, but this situation must change [words indistinct]. It is very important that the Andean Pact, the pioneer of all pacts, the most institutionalized pact for the process of integration in the economic, judicial, legislative, health, and education areas, recover its vitality, its effort and will, and its decisiveness.

[Esquivel] Sanchez de Lozada suggested informal meetings between the economic teams of the five countries to begin the harmonization of the macroeconomic systems and policies protecting local industries. The meeting of foreign ministers will conclude in a few more minutes with a news conference for the reporters accredited to this important subregional meeting. [end recording]

Brazil, Argentina Accused of Violating Mercosur Accords

PY2401021895 Asuncion NOTICIAS in Spanish 22 Jan 95 pp 24, 25

[FBIS Translated Text] The difficulties that have been imposed by Brazil and Argentina with regard to Paraguayan exports is the most clear demonstration that those two countries are violating the agreements that have been reached within the Mercosur [Common Market of the South] framework. The governments promised to eliminate the so-called tariff restrictions to allow the free passage of merchandise across the borders. In view of this situation, it has been indicated that our country should change its strategy and not allow the entry of merchandise in such an easy way.

Exporters who have been affected by the obstacles imposed by Brazil and Argentina and Paraguayan Mercosur technicians believe that the two more developed partners of the integrationist undertaking have violated the agreements reached within the Mercosur framework.

The difficulties some Paraguayan businessmen have encountered reside in the so-called non-tariff restrictions, which, until 31 December, existed in the four countries, but the governments promised to eliminate them.

Those who, up to the present, have run into difficulties in exporting their products and importing items agree that the problem is not ignorance concerning the rules of the game, but an example of abuse by the more developed countries.

Some businessmen have indicated that our country must change its strategy concerning participation, that we must be more demanding and not allow the products of those countries to enter Paraguay so easily.

They add that Paraguay is the country with the fewest obstacles regarding so-called non-tariff restrictions in the defense of its products.

A group of analysts have indicated that our country has practically nothing to defend in the matter of production due to its incipient industry, which largely has to import the raw materials that it processes.

The exponents of the manufacturing sector have indicated that the importing sector is a power factor that imposed conditions due to the high profits that black market imports produce, a term given to the smuggling that has been admitted by Domingo Daher, former president of the Center of Importers.

In a report submitted to Integration Vice Minister Julio Gonzalez, Honorina Marsal, an Industry and Commerce Ministry technician, indicated certain specific aspects that have been called Non-Tariff Restrictions (RNA) still have to be determined even after the agreements had been reached regarding tariffs in their various aspects for the free circulation of assets across the borders.

A consensus on eliminating all existing restrictions in the four countries to the free passage of products across borders was reached during the course of negotiations.

Moreover, the report adds that the technical aspects related to the quality of the products could be considered as non-tariff barriers if there was no agreement in terms of demands and methods of application.

From this point on the Common Market Group (GMC) drafted the technical norms that must be taken into account in exchange and trade among the member countries.

In other words, any resolution that does not adjust itself to the technical norms was to have been eliminated; otherwise, it would be a violation of the Mercosur agreements.

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Despite the commitment that was assumed by the Mercosur countries, the RNA continues to be applied, mainly by Brazil and Argentina.

This situation, which has been denounced through the media, is also considered by the Paraguayan sector that imports and exports raw materials as proof the Mercosur is really Brazil and Argentina.

Brazil: Non-Tariff Restrictions.

Prohibition: To import pleasure vessels.

Authorization: Prior, for importing flour.

Authorization: Prior, for importing petrochemical products.

Authorization: Prior, for importing sugar, alcohol, honey and

residual honey, and for the importing of various

types of seeds.

Prohibition: For the importing of several types of seeds.

Elimination: Of the contribution for the national cinema

industry.

Elimination: Of the organizational rate and of the regulation of

the rubber market.

Argentina: Non-Tariff Restrictions.

Rates: Statistic Rate.

Taxes: On profits: Advance of the profit taxes on imports.

Prohibition: To import wine in bulk.

Authorization: Prior, for the importing of birds and eggs for

reproduction.

Requirement: Of a certificate of statistical-sanitary inspection

for importing tobacco.

Restriction: To import alfalfa seeds.

Uruguay: Non-Tariff Restrictions.

Authorization: Prior, for importing wheat and flour.

Authorization: Prior, for importing alcohol and alcoholic

beverages.

Rate: For airport services used in importing.

Rate: For special or extraordinary customs services in

importing.

Discrimination: Internal tax on imported products.

Prices: Minimum export, or reference prices prior to importing fertilizers.

Authorization: For the processing of raw materials.

Paraguay: Non-Tariff Restrictions.

Prohibition: To import various products.

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Cuba

Alarcon Notes 'Meager Advances' at U.S. Migration Talks

PA2301142595 Havana PRENSA LATINA in Spanish 0243 GMT 23 Jan 95

[FBIS Translated Text] United Nations, 22 Jan (PL)—The results of the third round of migration talks with the United States and the current situation in Cuba were topics discussed here by Ricardo Alarcon, president of the National Assembly of the People's Government (parliament), in meetings with solidarity organizations.

In a meeting at the headquarters of Cuba's Permanent Mission to the United Nations, Alarcon explained the meager advances [magros avances] obtained in the third round of talks with U.S. officials. These talks concluded here recently.

In the meeting, which was convened by various solidarity groups in New York, Alarcon, who led the Cuban delegation to those talks, referred to the current state of compliance with the agreements signed between the two countries. This was the main objective of the talks held on 18 and 19 January.

Alarcon, who has led the Cuban delegation to the negotiations with Washington since they began on 1 September 1994, noted the U.S. unwillingness to broach any other issues except migration.

He added that the measures adopted by President Clinton against Cuba on 19 August 1994 constitute a clear obstacle to improving compliance with the agreements. Alarcon further argued that the main victim of this is the Cuban community in the United States.

Asked about the current situation in his country, he explained that 1994 showed that the economy had hit rock bottom and is beginning to recover.

He also noted progress in the various sectors which, although modest, is very encouraging, and he offered details on sugar production while noting the difficulties which remain.

Members of the Caribbean Action Lobby, Center for Cuban Studies, Venceremos Brigade, Hands Off Cuba Coalition, International Peace for Cuba Appeal, Cuban Information Project, Communist Party, Socialist Workers Party, U.S. Workers Party, Pastors for Peace, and Union Committee of Support for Health in Cuba all took part in the meeting.

Representatives of the Communist Party and Workers Party of the Dominican Republic, Dominican Committee of Friends of Cuba and of Friendship with the Peoples, National Committee for Independent Political Action, and House of the Americas, among others, also attended the meetings.

At the headquarters of House of the Americas, a social organization of Cubans and Latin Americans living in New York, Alarcon held a friendly meeting which lasted well into the night of 21 January.

Notes U.S. Stand on Non-Migration Issues

FL2401002795 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, met with Cuban solidarity organizations last weekend. During the meeting held at Cuba's permanent UN mission, Alarcon explained the meager advances made in the third round of migration talks with U.S. authorities. Alarcon, who led the Cuban delegation in the negotiations with Washington, noted the U.S. unwillingness to address non-migration issues. He added that the measures against Cuba adopted by President William Clinton on 19 August 1994 constitute an obstacle to improving compliance with the agreements reached by both parties, and that the U.S. Cuban community is their main victim.

In response to a question on the current situation in Cuba, Alarcon said that although the economy had clearly bottomed out in 1994, it was beginning to recover.

Members of the Caribbean Action group, the Center for Cuban Studies, the We Shall Overcome Brigade, the Hands Off Cuba Coalition, Pastors for Peace, the Dominican Solidarity with Cuba groups, and U.S. socialist and Communist Party workers groups, among others, attended the meeting in New York.

Former U.S. Official Questions Travel Restrictions

PA2301175795 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Jan 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Wayne Smith, former head of the U.S. Interests Section in Cuba, has said here in Havana that his nation's government is completely isolated from the international community, which is increasing its support for the Caribbean island. Smith is in the Cuban capital along with a group of U.S. university professors who traveled to Cuba to defy the restrictions imposed by Washington on travel to Havana.

The U.S. diplomat and academician stated that if, as threatened, he is tried upon returning to the United States, he will be pleased, because this would give him the opportunity to discuss the travel ban in a court of law. Smith added that these measures contradict the First Amendment of the U.S. Constitution.

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Last December, Smith also visited Havana along with another group of university professors. He announced that in the next few months there will be an increased number of professionals who will try to disavow this embargo-related measure. Upon their return to Miami, Smith and his entourage will hold a news conference to denounce the unconstitutional nature of the U.S. ban on traveling to Cuba.

Panama Reiterates: Rafters Must Leave Country

FL2401025095 Havana Radio Rebelde Network in Spanish 0000 GMT 24 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Panama's government reiterated on 23 January that Cuban rafters must leave Panama in coming weeks. Panamanian Foreign Minister Gabriel Lewis Galindo announced that his government will not extend the stay of the Cuban immigrants detained in U.S. military bases.

Colombian Senatorial Mission Begins Visit 22 Jan

PA2101192795 Havana PRENSA LATINA in Spanish 1424 GMT 20 Jan 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 20 Jan (PL)—A delegation headed by Colombian Senate President Juan Guillermo Angel Mejia will have a broad agenda that includes meetings with Cuban Government and congressional officials.

Angel Mejia will arrive in Cuba on Sunday accompanied by Senate First Vice President Fabio Valencia Cosio and Senators Jaime Dussan Calderon, Armando Holguin Sarria, Carlos Herney Abadia, and Juan Jose Garcia. They are coming at the invitation of the National Assembly of the People's Government [ANPP].

The visit, a sign of the progress in bilateral relations, will include a meeting between the Colombian delegation and ANNP President Ricardo Alarcon; ANPP Vice President Jaime Crombet; Ernesto Melendez, foreign investment and economic cooperation minister and Foreign Trade Minister Ricardo Cabrisas.

The delegation will visit tourist and oil installations in Matanzas Province and the Animal National Health Center [Centro Nacional de Sanidad Animal], the Biotechnology and Genetic Engineering Center, and the Simon Bolivar House.

In addition, the visitors will meet with the ministers of foreign relations, agriculture, tourism, and public health. They are also scheduled to meet with Higher Education Minister Fernando Vecino Alegret and Basic Industry Minister Marcos Portal.

Colombian Ambassador to Cuba Ricardo Santamaria pointed to the level Cuban-Colombian relations have reached in a conversation with PRENSA LATINA. He noted that bilateral commerce totaled over $40 million in 1994.

This is the highest figure in the past decade and almost double the figure for 1993 when operations came close to $25 million.

The diplomat foresaw a new increase for 1995 in this aspect, based on the agreements already signed between the two countries and the positive results of last year's visit to Cuba by Foreign Minister Rodrigo Pardo.

In another part of his remarks, Santamaria recalled that the priorities set for developing those ties include promoting economic cooperation in all fields, developing cultural programs, and implementing the agreements signed.

In addition, Colombia official invited Carlos Lage, vice president of the Council of State, to review this weekend in Cartagena the progress of bilateral relations with Colombian President Ernesto Samper.

To Meet With Alarcon

FL2001191495 Havana Radio Rebelde Network in Spanish 1800 GMT 20 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] A delegation headed by Juan Guillermo Angel Mejia, president of the Colombian Congress, will conduct a broad program of activities in Cuba, including meeting with government officials and Cuban legislators. Mejia is slated to arrive on 22 January, along with Fabio Valencia Cossio, first vice president of the Senate, and Senators Jaime Dussant Calderon, Armando Holguin Sarrias, Carlos Jerna y Abadia, and Juan Jose Garcia, at the invitation of the National Assembly of the People's Government [ANPP].

The visit, an expression of the progress attained in bilateral relations, will include meetings with ANPP President Ricardo Alarcon; ANPP Vice President Jaime Crombet; Ernesto Melendez, minister of Foreign Investment and Cooperation and Foreign Trade Minister Ricardo Cabrisas.

The Colombian delegation will tour tourism and oil facilities in Matanzas Province and the National Animal Health Center, the Biotechnology and Genetic Engineering Center, and the Simon Bolivar House.

Arrive in Havana, Visit ANPP

PA2401021195 Havana PRENSA LATINA in Spanish 1632 GMT 23 Jan 95

[FBIS Translated Text] Havana, 23 Jan (PL)—A delegation of Colombian legislators began an official visit to

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Cuba at the invitation of National Assembly of the People's Government of Cuba [ANPP] (Parliament).

Senators Mario Said, Jaime Dussan, Armando Holguin, and Carlos Herney were received at the ANPP facilities by its acting president, Jaime Crombet. The latter gave them an explanation on the nature of the Cuban electoral system and the work done by the institution.

The congressmen arrived in Havana last night. They preceded Colombian Congress President Juan Guillermo Angel Mejia, who heads the mission and who will arrive today.

Talking to the visitors, Crombet explained the work done by ANPP work commissions and how Cuban citizens participate in the debates of bills prior to their discussion by the ANPP plenary.

At the meeting with the Colombian senators, Crombet was accompanied by Leonardo Martinez, president of the Attention to Productive Activity Commission [Comicion de Atencion a la Actividad Productiva], and Lazaro Barredo, vice president of the International Relations Commission.

Shortly after the meeting, the Colombian congressmen visited the Public Health Ministry, where they received ample information on the attention to the people system, the operation of hospitals in the country, and Cuba's health cooperation agreements with other countries.

Meets With Jaime Crobet

FL2401003095 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The Colombian delegation visiting Cuba met with Jaime Crobet, acting president of the National Assembly of the People's Government [ANPP], today in Havana. Crombet briefed Senators Jaime Dussan Calderon, Armando Holguin, Carlos Herney Abadia, and Mario Said Lamk on elements of the Cuban nationality, our people's decision to consistently struggle for independence and sovereignty, as well as details on our electoral system and the role of the ANPP.

The Venezuelan [as heard] delegation is headed by Colombian Senate President Juan Guillermo Angel Mejia, who should be arriving in Havana any minute now to join the delegation that arrived yesterday. Cuban Vice President Carlos Lage, who just concluded a work visit to Colombia, will be arriving on that same flight.

During the conversations at the ANPP, the Colombian senators expressed their desire to meet with the country's top leaders and reviewed their program, which includes meetings with authorities from the Ministry of Public Health, Foreign Investment Minister Ernesto Melendez, and Tourism Minister Osmany Cienfuegos. The program also includes visits to Matanzas Province in the company of Basic Industry Minister Marcos Portal.

Lage Meets With Colombian President, Vice President

PA2201031595 Havana PRENSA LATINA in Spanish 1928 GMT 21 Jan 95

[By special correspondent Abel Sardinia]

[FBIS Translated Text] Cartagena, Colombia, 21 Jan (PL)—Carlos Lage, vice president of the Cuban Council of State, affirmed that his visit—which began today—to this city on Colombia's Caribbean coast "is part of the growing rapprochement between our countries and governments."

Lage, who arrived here at noon today, expressed his satisfaction at this invitation from the Colombian Government. Responding to a question, Lage said he did not believe Colombia had extended the invitation because it was seeking a specific agreement, but that would remain to be seen at the end of the visit.

He insisted that "the purpose of the visit is to strengthen relations between Cuba and Colombia. It is a normal thing between two governments that established diplomatic relations a year ago and which have very active exchanges among their leaders."

Lage emphasized that trade between the two countries has steadily increased, especially in the last three years. At the end of 1994, trade totalled $48 million in both directions, "a modest sum, but one that signifies growth. We believe the trend is toward continued growth."

Lage and his delegation were received by Cartagena Mayor Guillermo Paniza, Gabriel Garcia Marquez, Nobel laureate in literature, Cuban Ambassador Jesus Martinez, and other Colombian and Cuban officials.

His first activity was a working lunch with Vice President Humberto De La Calle, after which he met with President Ernesto Samper, Foreign Relations Minister Rodrigo Pardo, and Government Minister Horacio Serpa.

Tonight Samper will host a dinner in honor of Lage, who will fly tomorrow to San Pedro Alejandrino ranch, near Santa Marta, to donate two paintings by Roberto Fabelo, who is also part of the delegation, and another painting by Rene Portocarrero.

The liberator Simon Bolivar died at this ranch in 1830. President Fidel Castro also visited the site in July.

Tomorrow the Cuban delegation will attend a dinner organized by Garcia Marquez with businessmen and other personalities of this Caribbean region.

Colombia and Cuba renewed diplomatic relations in 1993. Since then they have signed a partial trade agreement that includes approximately 900 products and an

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agreement to foster and protect investments. They have also ratified other cultural, educational, and cooperation agreements.

Attends Ceremony in Colombia

PA2401001395 Havana PRENSA LATINA in Spanish 0201 GMT 23 Jan 95

[By special correspondent Abel Sardina]

[FBIS Translated Text] Cartagena, Colombia, 22 Jan (PL)—Cuban Vice President Carlos Lage recalled today that his country unquestionably belongs to Latin Aamerica and that Simon Bolivar, the liberator, once clearly said the independence of South America would be threatened by a lack of independence in Cuba.

Lage visited the San Pedro Alejandrino Ranch, near Santa Marta, where Bolivar died in 1830. There he spoke following a ceremony to donate three Cuban paintings, one from the late Rene Portocarrero and two from Roberto Fabelo, who attended the ceremony.

Lage said he is pleased to have fulfilled a wish stated by President Fidel Castro during his visit to the ranch in July 1994: that Cuban paintings appear there next to others from other Latin American countries.

Lage said it could not be any other way because Cuba "is part of our America, as Marti called it, in spite of events that have tried to cut, tear, and yank the island out of an America of which it unalterably, inalienably, and unquestionably forms a part because of its history, culture, feelings, and common interests.

Lage said Bolivar is loved in Cuba as much as he is loved in the rest of the countries of the region and recalled that Bolivar had promised that after fulfilling his mission on the mainland, he would go to Cuba and Puerto Rico to liberate them.

Zarita Bello, director of the Bolivarian Museum Foundation, also spoke at the ceremony. She pointed out that Cuba's chief of state had fulfilled his promise. She, like other participants at the ceremony, referred to Fidel Castro's visit as very special.

All the persons present in today's ceremony, who also were present during Fidel Castro's visit, expressed how they were impressed by the Cuban leader's broad knowledge of the life of the liberator.

Another speaker at the ceremony, which was attended by Colombian Vice President Humberto de la Calle, was Santa Marta Mayor Edgardo Vives who gave to the members of the Cuban delegation the keys of the city and the title of Illustrious Guests.

Lage, who arrived here Saturday for an official visit and has met with President Ernesto Samper and Vice President de la Calle to analyze bilateral ties and the possibility of further strengthening them, met this evening with Barranquilla Mayor Edgar George.

The Cuban delegation will return tomorrow to Havana in the company of the president of the Colombian Senate, Juan Guillermo Angel, who will visit the island together with four senators who left for Cuba today at the invitation of Cuba's National Assembly.

Invitation Extended

FL2301151595 Havana Radio Rebelde Network in Spanish 1255 GMT 23 Jan 95

[From the "Doing Radio" program]

[FBIS Translated Text) Humberto de la Calle, vice president of Colombia, announced that he was invited to visit Cuba by his counterpart, Carlos Lage. He will carry out his visit in mid 1995. Both Lage and de la Calle attended a dinner given in Cartagena de las Indias with Colombian businessmen. Lage left today for Havana.

Colombian Ambassador Interviewed

FL2301221295 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Jesus Martinez Beaton, the Cuban ambassador to Colombia, was interviewed by Radio Rebelde's Doing Radio program regarding Lage's visit to Colombia and the numerous meetings he held, particularly on prospects for bilateral accords in 1995.

[Begin recording] Accords are going to be established in many areas, including tourism. We have spoken, for example, about construction materials, products to support the tourism industry, as well as the exploration of high-quality raw materials that Colombia produces. We have discussed general issues related to implementing accords in 1995. [end recording]

Martinez also spoke about visits to Cuba by high-level Colombian officials:

[Begin recording] During the talks, an invitation was extended to Colombian Vice President Humberto de la Calle, who will visit Cuba in the first half of 1995. There is also a very interesting number of ministers and agency directors slated to visit Cuba in the first half of 1995. This gives continuity to similar mutual visits, which took place at the highest level in 1994. [end recording]

Returns With Delegation

PA2401001495 Havana PRENSA LATINA in spanish 1806 GMT 23 Jan 95

[FBIS Translated Text] Havana, 23 Jan (PL)—Cuban Vice President Carlos Lage returned to this city today, after an official visit to Colombia, at the invitation of Colombian President Ernesto Samper.

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Lage and Colombian authorities assessed their bilateral relations at meetings with Samper, Vice President Humberto de la Calle, and Foreign Minister Rodrigo Pardo in Cartagena de Indias, Colombia.

The Cuban official also visited the San Pedro Alejandrino Villa, near Santa Marta, where Liberator Simon Bolivar died in 1830. Lage left a donation of paintings by the Cuban painters Rene Portocarrero and Roberto Fabelo at this estate.

Lage returned to Cuba accompanied by Colombian Congress President Juan Guillermo Angel Mejia, who heads a delegation of Colombian legislators invited by the National Assembly of the People's Government of Cuba (Parliament) and Senator Juan Jose Garcia Romero, member of the commission.

Discusses Trip Upon Return

FL2401024995 Havana Radio Rebelde Network in Spanish 0000 GMT 24 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Vice President Carlos Lage stated that his visit to Colombia at the invitation of President Ernesto Samper was very positive. Lage highlighted Colombia's interest in increasing trade and cooperation in the sugarcane and business sectors, among others. Lage issued these statements upon his arrival in Havana, accompanied by Colombian Congress [as heard] President Juan Guillermo Angel Mejia, who is heading a delegation of legislators at the invitation of the Cuban Parliament, and by Senator Juan Jose Garcia. One of the main goals of the legislators' visit is to increase economic and general bilateral relations with Cuba. The Colombian senators visited the headquarters of the National Assembly of the People's Government and the Public Health Ministry this morning.

Comments on Relations

FL2401030195 Havana Cuba Vision Network in Spanish 0100 GMT 24 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Carlos Lage, vice president of the Council of State and secretary of the Executive Committee of the Council of Ministers, described his visit to Cartagenas de Indias as very positive. Lage was accompanied by a delegation from the Colombian Congress, headed by its president Juan Guillermo Angel Mejia.

During his two-day visit, Carlos Lage held a six-hour meeting with Colombian President Ernesto Samper. He held meetings with the vice president, the ministers of the government and Foreign Relations, and with the mayor of the city of [words indistinct].

[Begin Lage recording] [words indistinct] paintings by Cuban artists, and he offered to send some paintings [words indistinct]. It was a beautiful ceremony and it was a very interesting visit. I believe relations with Colombia are very good. I would say they are magnificent. There is a very active exchange of delegations of the two governments and there has been an increase in trade. We have been able to verify, through contacts that we made with businessmen, a growing interest in investing in Cuba. We have established good communication with the Colombian leaders. We are very satisfied with what we were able to observe and the state of relations between the two countries. [end recording]

Lage was accompanied by the President of the Colombian Congress, Senator Juan Guillermo Angel Mejia, for a five-day visit at the invitation of the National Assembly of the People's Government.

[Begin Angel recording] We are seeking to strengthen relations between my country and Cuba, relations that are developing naturally. We would like to see an increase in the trade, cultural, and sports relations between the two cultures from the same Caribbeans who share the same beach, the same coast, and perhaps the same people. [end recording]

Brasilia Conference Looks to UN Development Summit

FL2001190195 Havana Radio Reloj Network in Spanish 1502 GMT 20 Jan 95

[FBIS Translated Text] A conference of Latin American and Caribbean parliamentarians, held in Brasilia, has proposed that the worst problems of the continent be discussed at the UN Summit on Social Development that will be held in Copenhagen. Jorge Lezcano, president of the International Affairs Commission of the National Assembly of the People's Government, pointed out that the conference was partial to criticizing neoliberal economic models, and endorsed a condemnation of the U.S. blockade of Cuba.

The Cuban delegate to the Brasilia conference added that the participants have asked their governments to find concrete solutions to Latin American and global problems such as lack of health care and education. Lezcano stressed that a concept amply discussed was humanitarian protection as a way of inserting small nations into world development.

Outgoing Mexican Ambassador Notes Investments To Increase

FL2401025195 Havana Radio Rebelde Network in Spanish 0000 GMT 24 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] Carlos Tello Macias, who just ended his diplomatic duties as Mexican Ambassador to Cuba, has stated that Mexican investment in Cuba, which amounts to at least $1.5 billion, will increase despite the current financial crisis in Mexico. During an interview with the Mexican news agency, NOTIMEX,

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Tello explained that projects for nickel exploration and electricity production and export will add to the ongoing Mexican investments in the telecommunications, glass, cement, and oil refinery sectors, among others.

Awarded Friendship Medal

FL2101034095 Havana Cuba Vision Network in Spanish 0100 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The Council of State of Cuba awarded the Friendship Medal to Carlos Tello Macias, outgoing Mexican ambassador to Cuba, for his contribution to the strengthening of relations between Cuba and Mexico.

During the Ceremony, Cuban Foreign Minister Roberto Robaina stated that the medal is accompanied by the appreciation of all the Cuban people. Other ministers and personalities of the government were also present. At the conclusion of the ceremony, Tello had this to say:

[Begin recording] For me, it is an honor and a great satisfaction to have received this Friendship Medal. There are so many things that united us, and ties are so solid that the only thing ahead is for us to continue. Relations between the two countries are marvelous. [end recording]

Commentary: Mexico's Economy, Capital Flight 'a Trap'

FL2301194395 Havana Radio Rebelde Network in Spanish 1255 GMT 23 Jan 95

[Commentary by Eduardo Dimas; from the "Doing Radio" program]

[FBIS Translated Text] Good morning. Some days ago, in analyzing the Mexican crisis with you, I asked if the flight of more than $23 billion was not something done as a pretext to compel the government to make concessions, and to attain greater control over the Mexican economy, and, by extension, over it's policies. I was also questioning if Mexico was, in fact, in a position to ascend from a third-world nation, with its technological and cultural backwardness, to a developed nation of the first world, without paying the consequences.

We recall that development is not just an economic problem, but a cultural and social one as well. Actually, the situation is very complicated, because the aspiration to become developed is always valid, although many times, as in this case, the road to hell is paved with good intentions. On the other hand, this is not the first time that a move like this has been made on Mexico. We recall that at the end of Jose Lopez Portillo's presidential term, intense capital flight forced the nationalization of what were at the time private banking institutions; and later, during the term of Miguel de la Madrid, they were privatized again. At that time, in 1982, the government of Ronald Reagan furnished a loan of $7 billion to support the balance of Mexico's payments. During President Carlos Salinas de Gortari's term large economic changes were made, which the president called social liberalization, and the opposition called neoliberalization. These changes included the privatization of the majority of state enterprises, constitutional reforms that enabled modernization of agriculture, and electoral reforms after the controversy in the 1988 elections. It was during this period that an elevated influx of capital was produced, attracted by the prospects of the free trade agreement with the United States and Canada, high bank interest rates, and political stability. For any analyst, and investors have theirs, it is difficult to believe that a simple uprising of a guerrilla group, and the assassination of a presidential candidate, could provoke the massive flight of capital, because, among other reasons, the government demonstrated it had control of the situation. In that light, it is wise to remember that during first capital flight crisis, it was mainly the national investors who took their money outside Mexico, and put it mainly in U.S. banks. Now, it appears that foreign investors are responsible for the flight of capital. In addition Mexico has contracted a great amount of short term debt that they now must honor. On the other hand, in the first three months of 1995 they have to pay out $9 billion to pay the so-called Mexican state bonds [tesobonos], national bonds that are valued in U.S. dollars. That is, Mexico is going through a severe crisis in financial solvency, and requires emergency loans in order to meet its obligations. The $40 billion in credit guarantees that the U.S. government is offering is vital to keep the Mexican economy functioning. Nevertheless, the conditions that some congressmen are putting on the loan are unacceptable: among other things, Mexico should open an account in the U.S. Federal Reserve Bank that could be seized by the U.S. government, and present petroleum invoices for $7 billion as a loan guarantee. In the same way, the conditions include issues relating to drug trafficking, immigration, and international policies, in which it is possible to predict that relations with Cuba are included.

In general, the Mexican press has rejected these conditions, and on 20 January, the government refused to accept all commitments that could harm national sovereignty. At any rate, I get the impression that Mexico, in one way or another, is obligated to make certain concessions. Were these the objectives of the flight of capital? Or were they consequences of attempting to jump from the third world to the first? I think it is a little bit of everything, but if it is so, I believe Mexico has fallen into a trap that is very difficult to get out of. This is one of the main lessons for the rest of Latin America, if there is still time to assimilate it.

Grenada Seeks Assistance in Agriculture, Tourism

PA2101034595 Havana PRENSA LATINA in Spanish 0651 GMT 18 Jan 95

[FBIS Translated Text] Havana, 18 Jan (PL)— Tillman Thomas, Grenadian minister of tourism, culture, sports,

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and civil aviation, said today that Grenada would like Cuban assistance in agriculture, livestock, and tourism.

Thomas, who heads the joint Cuba-Caricom [Caribbean Common Market] Commission, which concluded today the task it began yesterday, told PRENSA LATINA that this meeting will facilitate commercial and cultural exchanges and technology transfers between Cuba and countries in the area.

Grenada is a member of Caricom, and Cuba is part of the Caribbean, which is why we consider it desirable to strengthen ties among nations of this region, Thomas said.

"Apart from any differences among our countries, we are Caribbean states and should try to promote the welfare of our people," Thomas said.

Thomas added that his government is interested in expanding commercial, agricultural, and tourism ties with Cuba.

"We are seeking assistance to develop agriculture and tourism, which are two of Grenada's main economic branches. We are aware of Cuba's experience in agriculture and livestock, and we want to take advantage of that experience to improve our livestock, including the processing of food," Thomas said.

"We have many fruits in Grenada, and we need assistance in giving them added value and increasing our income through industrial food processing," Thomas said.

"Perhaps Cuba can help us develop our agricultural infrastructure through this joint commission," Thomas added. "There are a number of proposals on this, and perhaps agriculture is one area in which we could benefit from Cuban assistance," Thomas said.

Asked about the obstacles he perceives to increased Cuban integration in the Caribbean, Thomas said: "I wouldn't say there are any obstacles, but perhaps problems in communication between our countries due to the language barrier."

Thomas also emphasized the need to make the transfer of passengers and merchandise between the two countries more fluent. The Grenadian minister said air and marine transportation should receive priority attention from the two countries.

He gave as an example the fact that to reach this meeting, he left Grenada on Saturday and arrived in Cuba on Monday after traveling to Trinidad, staying there overnight, flying to Barbados, then to Antigua, from Antigua to Kingston, from Kingston to Montego Bay in Jamaica, and then taking a Cubana de Aviacion flight to Havana.

That is why we must try to have greater accessibility and establish better communications between our two countries, Thomas said. He also referred to the need for mutual communication. The solution to many of our problems lies in the improvement of communication and information between the two countries, Thomas said.

Regarding the development of Grenada's economy, Thomas said that the island state is emphasizing the development of tourism.

"In 1994, for the first time in our history, we received more than 100,000 visitors, which is considered a substantial achievement. In the same year, more than 200,000 cruise ship passengers visited the island," Thomas said.

"We are using this sector to develop our society. We are trying to attract investments to improve our hotel infrastructure and build new facilities to make our tourist product more attractive," Thomas said.

Questioned about the possible effect of Cuba's entry into that market on Grenada's tourist industry, Thomas said with conviction: "There are no problems, and we do not fear Cuba's entry into the Caribbean tourist trade, because Cuba is a member of the Caribbean Tourism Organization (OTC).

"I believe the Caribbean countries have unique attractions that make one country different from another. On the contrary, I believe Cuba can help stimulate multidestination packages. Many tourists who travel to Cuba or Barbados may want to visit Grenada. When a traveler chooses the Caribbean for his vacation, he may want to visit a number of islands," Thomas concluded.

Tourism Minister Seeks Bilateral Relations

FL2101035695 Havana Cuba Vision Network in Spanish 0100 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Grenadian Minister of Tourism Thomas Tillman stated today in Havana that there are several areas in which Cuba and Grenada can expand their economic and trade relations. According to Tillman, the tourism industry could be one of the main areas for cooperation. [words indistinct] they want to see different areas. They want to see Cuba, Grenada, and other islands. They want to see the whole Caribbean and we should and can coordinate efforts for the benefit of our respective tourism industries. Thomas Tillman participated in the recently concluded meeting of the Caribbean Tourism Organization, and the joint Cuba-Caribbean Community assembly. According to Tillman, Cuba's scientific field is an area for potential exchange with the Caribbean nations in general, particularly Grenada:

[Begin Tillman recording, with superimposed translation in Spanish] Cuba has great development in the scientific and agricultural fields, in the production of sugarcane. Perhaps we can assist Cuba with other agricultural

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products. We could look forward to mutually beneficial cooperation. [end recording]

Spokesman Announces Foreign Minister's Tour of Asia

PA2101003595 Havana PRENSA LATINA in Spanish 2003 GMT 19 Jan 95

[FBIS Translated Text] Havana, 19 Jan (PL)—A scheduled tour by Cuban Foreign Minister Roberto Robaina to Japan, the DPRK, Thailand, and the Philippines will also include Nepal and China, the Foreign Ministry spokesman confirmed today.

Spokesman Miguel Alfonso said during his normal news conference the Antillean foreign minister's Asian tour will officially start on 25 January in Japan, where he will stay until 28 January.

He said Cuban President Fidel Castro has sent a message of condolence to Emperor Akihito and Prime Minister Tomiichi Murayama in the wake of an earthquake that rocked Kobe this week and yielded thousands of dead and injured and heavy losses.

Robaina will visit the DPRK from 28-31 January, will then head for Thailand, and then leave on 2 February for Nepal, a country not initially included in the tour, as well as the People's Republic of China, where Robaina will be from 6-8 February, Alfonso added.

The sixth and last leg of Robaina's Asian tour, with a view to strengthening bilateral ties between Cuba and those nations, will be the Philippine Archipelago from 8-10 February.

Alfonso announced another Foreign Ministry activity will be a visit to Russia on 24 January by Deputy Foreign Minister Isabel Allende, who will head a delegation consisting of officials of the Foreign Trade Ministry, the Chamber of Commerce, and the Basic Industry Ministry.

The Caribbean delegation will participate in a seminar on bilateral economic and commercial relations and the possibilities of Russian businessmen investing in the Cuban market, the spokesman said.

Allende will leave Moscow for Kazakhstan to honor an invitation from the Foreign Ministry of that former Soviet republic, where she will hold official talks.

Among visits to Cuba by foreign personalities announced by Alfonso for upcoming days is a visit to Havana next Friday by Costa Rican Ambassador Luis Guardia, who is in charge of coordinating with Cuban authorities the opening of an interests office here.

Other visitors to this capital include the president of the Colombian Congress, who will head a delegation of senators from that South American nation from 23-27 January, and the economy ministers of Slovakia, from 2-5 February, and Romania, from 5-7 February.

Robaina on Purpose of Tour

FL2401031095 Havana Cuba Vision Network in Spanish 0100 GMT 24 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina began his second tour of Asian countries. Japan will be Robaina's first stop. The tour also includes North Korea, Thailand, Nepal, China, and the Philippines.

[Begin Robaina recording] I believe that the tour through Asia is no different from the main purpose that brought me to other parts of the world. The purpose is to speak about our truth, to learn the truth about those countries, and to open doors so that our diplomacy can become a diplomacy that serves the needs of our respective peoples. For Cuba, this means to open [words indistinct] explain our needs and make it clear to the world that Cuba is not only a country with needs, but a country that has much to offer. [end recording]

Robaina also pointed out that one of the main goals is to strengthen the already existing relations in each of those countries. He added that new doors and paths can be opened in each one of those nations.

[Begin Robaina recording] For example, I believe that to talk about our visit to Japan and Thailand in our diplomacy is a special issue. Even though, in Japan's case, I wanted to add that we will have the opportunity during such a difficult time for the Japanese people, to be there and express that the Cuban people are willing to help in whatever way we can, is a special reason for that visit. [as heard] It probably was not part of the reason initially, but today it becomes an important priority. [end recording]

IAEA-Sponsored Nuclear Medicine Meeting Opens in Havana

FL2401002995 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] The first regional meeting on the (ARCAL 23) Project, sponsored by the International Atomic Energy Agency [IAEA], was inaugurated today at Havana's Habana Libre-Guitart Hotel. This first meeting promotes the modernization of the gamma-ray chamber, allowing for new technical characteristics in obtaining images. Thanks to the IAEA, this upgrade has a modest cost of $7,000. The upgrade consists of a new software package and an interface that links the computer to the gamma-ray chamber. Cuba's nuclear medicine is highly developed, which has facilitated the introduction of this project. It is for this reason that Cuba was chosen to host this scientific conference.

Ever since 1962, Cuba has been installing equipment and training its first nuclear medicine technicians. This service was gradually extended to the entire country. The

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IAEA has cooperated with the training of the Cuban personnel who work with nuclear medicine. Many of them have already become experts.

The following are statements by Dr. Julian Alvarez Blanco, vice minister of Science and Technology of the Ministry of Public Health, who met with the representatives of the (ARCAL 23) Project:

[Begin Alvarez Blanco recording] Cuba is more than willing to actively participate in the development of regional cooperation projects for the promotion of nuclear science and technologies, considering their importance to the countries of the region and to our country. [end recording]

Role of Workers Unions Discussed

FL2101023095 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jan 95

["Straight Talk" program with host Juan Carlos Roque Garcia, and Luis Sexto—live or recorded]

[FBIS Translated Text] [Roque] Today we will discuss the role of workers unions, their nature, reason for being, whether or not they are fulfilling their role, and whether this role follows the guidelines of the Cuban Workers Federation [CTC]. I am referring to the unions at the grassroots level, which do not always do things the right way.

[Sexto] I have suggested this topic of discussion after an episode I recently took part in. Imagine that we are in line at the cash register of a work center, it is payday, the person in charge of payroll is there, and there is a comrade before me about to cash her paycheck. After she cashes her paycheck, another comrade holding a paper with many names on it asks whether she is going to pay the Territorial Troops Militia [MTT] fees for the year. The comrade answers that she will pay, so sign her in. The union comrade then asks when she is going to pay. The worker answers that she is being asked too much, and that she will pay whenever she can afford to. She reminds them that this a voluntary contribution, and that she, as well as everybody else, will pay whenever she is able to do so, and not when the union decides.

I realized that many times the unions, and also some unions' municipal entities are using pressure on their members. They are somewhat forgetting their political nature and acquiring an administrative nature. Additionally, I could question the list- making procedure as well. The [MTT] fee is strictly voluntary, decided by the patriotic conscience of the citizens. So there is no need to pressure workers, write their names on a list, tell them they will not show on the list unless they agree to pay, or that if they do not appear on the list, they will raise a flag.

I could accept the list, I could accept the procedure....

[Roque, interrupting] I disagree. I could accept this happening at the end of the year, three or four months before the end of the year, when workers could be reminded that it is time to pay. They could also be reminded during the year, through a sign perhaps, but there is no need to make a list, because that is coercion.

[Sexto] Suppose we do agree about making a list. Suppose we approve of unions using this method. However, it is not right to ask workers to specify when they are going to pay. I will donate a day of my salary whenever I can afford to. Paying is a political, praiseworthy, and commendable attitude, which does not require an advance pledge. Perhaps I would like to make several payments instead, perhaps a peso every month, to reach the end of the year with the whole amount paid.

In addition, I believe that unions behave this way because some municipal entities pressure the grassroots-level entities to fulfill their goals sooner—and I do not believe anything is accomplished by doing this. Likewise, grassroots-level entities must defend themselves, so they pressure their members, causing at least the rejection of some of these members.

[Roque] This is nothing new. It is a bad habit we have been carrying for a long time. I remember the [MTT], and the pressure to pay union dues. One should be able to pay the union dues whenever possible because not everybody is able to pay at a specific time. Really, this is the union's secondary role. The main role of unions is to take care of the workers' interests, find out their problems, and help to solve them. Unions should provide help, perhaps not from a material point of view, but through counseling—talking to comrades could sometimes help to solve many difficulties that go beyond material issues.

[Roque] Cuba is undergoing a transformation and a process of structural changes, and needs to change the economic mechanisms and business organizations, but also needs to change the role of mass organizations. They must adapt to the current circumstances. What was valid in the past is not acceptable nowadays, and the unions, at least their grassroots entities....

[Roque, interrupting] I would go further: we need to change past mistakes.

[Sexto] We could say so....

[Roque, interrupting] I openly ask myself this.

[Sexto] I could agree, however, this is not the crux of our current discussion. I am not afraid to acknowledgeing current or past mistakes. We are discussing the fact that mass organizations, particularly the unions, and also the Committees for the Defense of the Revolution [CDR] must change and adapt to the current circumstances. They cannot go on with old mentalities. We need new creative mentalities, connected with Cuba's current circumstances..

[Roque] This will also happen if work center management changes because unions are tied to work centers and need to be their counterpart ....

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[Sexto, interrupting] This is a discussion for another program. Work center management should change, of course, while Cuba changes. They cannot continue to work with the bureaucracy they operated in in the past.

[Roque] Excuse me: Perhaps I did not explain myself adequately. I meant that workers unions should be a counterpart to management.

[Sexto] You are right, Juan Carlos. It has been said that the labor union's role—and I believe Fidel has said this on more than one occasion—is to be the counterpart to administration. The labor unions' interests are many. Some of them, as you mentioned before, are to watch out for the workers, the workers' interests, the workers' problems. The labor union must also watch out for production and social interests. In short, it has many functions.

Now, what we might perhaps question are the methods that some labor union structures have used to fulfill their role. It seems to me that at times the labor unions have functioned with administrative or bureaucratic methods, but the essence and nature of the labor union, which is what you asked about at the beginning of the program, is in my opinion, eminently political, not administrative. It is a political factor within the labor context.

Juan Carlos, I wanted to point something out. If you notice, these undesirable methods of expression are at the grassroots level. The CTC, the overall structure of the workers union, does not think that way. I am a witness that the CTC considers its work political. They see it as convincing and persuasive. The CTC's direction—I am convinced of this because I have seen it for myself—is an enemy of these undesirable methods. It does not think or act the way we see the grassroots levels act at times.

[Roque] Then we must extend this way of thinking to the various levels. In other words, to the grassroots level, and to the municipal and provincial levels.

[Sexto] Right. We must try to avoid the administrative methods. The labor union's role is to persuade and convince; it is to lead and represent the workers; and it is to defend the workers. It is also to defend the workers by making sure that the workers stay within guidelines. It must make sure that efficiency is the main goal. For example, we are now in the midst of the merit assemblies. There are many work centers now celebrating the merit assemblies. I believe this too is an obsolete process. I believe it is a process saturated with old habits that should no longer exist in our country. I believe that those merits—the merits that I at times question—are totally separated from the main goal of the production center. They have nothing to do with the efficiency at the work center.

[Roque] I agree with you.

[Sexto] The merit that one may have does not benefit the work center and does not benefit production. It does not advance production, reduce costs, or improve quality. That is what I am talking about, Juan Carlos. The CTC has been able to transform the infamous production and service assemblies—those long hours of stupid discussions that solved nothing—into the Economic Efficiency Assemblies. I have been present for many and believe that there is a different spirit. There is a creative spirit to solve problems and attack the problems where they begin. I believe the merit assemblies also need to be transformed.

Furthermore, Juan Carlos, I continue to believe that the most important merit, the merit that needs to be held up, is the merit of efficiency, because work needs to be the pattern that measures all citizens of this country, independent of other merits that could enrich my political biography or my political file. But the most important factor in a work center. What makes things run better is hard work, and that must be the most important merit.

Many times one sees a person with many virtues. An administrative method frequently seen are the posters on the wall with the names of the workers with merit. At times, there are workers who have seven or eight merits next to their name. They might not be efficient or exemplary, but they have value because they did this or that or because they put in some hours of voluntary labor. They may have a series of merits, but those merits are not backed by good efficient work. This is what I am referring to.

[Roque] You were talking about the Economic Efficiency Assemblies. I totally agree with you that they have been transformed. But why has the CTC kept old vices? If we are going to be a revolution—or in other words—if we are going to revolutionize the labor unions—I believe the word has been well used—then we must do so by starting at zero. In other words, eliminating everything that could tarnish the role of the labor unions. To accomplish this, it is necessary for everyone to become aware.

You were saying—and the truth is that I respect and agree with everything you have said—that the CTC thinks differently. I reiterate: It is necessary for this way of thinking to be extended to the grassroots and to all the labor unions. People must see that the labor unions are also assuming a new image and a new role.

[Sexto] Juan Carlos, recently—in the past few months, perhaps the last few years—the CTC, as a national entity, as an entity that encompasses all Cuban workers, has elevated its image in our country. We cannot deny that and we must recognize the work that the CTC has done in this overall renovation that the country is experiencing, in all the economic transformations. The CTC has been at the vanguard, not only in the defense of ideas that need to be bravely defended, but to anticipate ideas through its newspaper TRABAJADORES with its weekly editorials, which many times do not repeat already established ideas, but anticipates ideas that need to be presented to our society.

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[Roque] I agree.

[Sexto] I believe the CTC, the very workers' parliaments, as a method of labor union democracy, was something that was very successful, something that boosted the CTC's prestige. I also believe it will take time to extend this way of thinking. You know that the human conscience is always a bit rejected when it comes to development of the material world. There is a certain rejection of the human conscience. It is very difficult for men who have gotten used to certain methods over the years to abandon those methods overnight and adopt new ones. That is what I am referring to.

Juan Carlos, I have great trust in our society's ability to perfect itself. I believe it has the capacity to do this. I believe our society does not persist in error for very long, nor does it persist in obsolete ways. I believe there is a great capacity for rectification in our society, a capacity to improve. I trust in that and I hope that the labor union can fulfill its true role, as we already said, of a counterpart, a defender of interests, encouraging efficiency, as an entity that never subordinates itself to the administration, but establishes itself as an equal.

The labor union has great power, which is the power of all the workers. When we say that, it is not just a phrase. The Constitution states that this is a country of workers and, therefore, the labor union section has great power. It represents the unified interests of the workers. We must take that into consideration so that the way of thinking can transform itself and so it becomes more creative and leaves behind the formalities that harm us so much.

[Roque] Thank you. I agree with you and I hope that receptive ears throughout the island have been listening.

TRBAJADORES Calls for Improved Efficiency Assemblies

FL2301221395 Havana Radio Rebelde Network in Spanish 1800 GMT 23 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Today's edition of the weekly TRABAJADORES carries an editorial entitled, This Year the Assemblies Have To Be Better, calling for the consolidation and improvement of the economic efficiency assemblies. The newspaper points out that even though these assemblies were productive last year, in that they increased awareness and attained specific results, union leaders must understand that that was only the first step, and that there is a long road ahead for strengthening this process of democratic participation by the workers.

The editorial stresses that the assemblies, slated to begin in February, should be more well prepared than previously and that the debates should focus more on those aspects that truly generate efficiency. The editorial stresses that efficiency, as a progressive concept, can be improved regardless of its present level, thus yielding better results. TRABAJADORES adds that reliance upon one's own resources and possibilities should be the cardinal principle guiding the efficiency assemblies to avoid pledges based on false footings.

The editorial goes on to stress that the worker is the most important, decisive element in reaching any efficiency goal, so the assemblies should not limit themselves to cost and quality issues, but should also address issues dealing with workers' welfare and work conditions. Finally, the editorial urges the workers, the union, and management and administrative leaders not to turn the assemblies into a formality, to seek measurable efficiency pledges, and to strengthen participation in this method of economic leadership.

Work Centers Urged To Find 'Ways' To Improve Efficiency

PA2401041095 Havana PRENSA LATINA in Spanish 1408 GMT 23 Jan 95

[FBIS Translated Text] Havana, 23 Jan (PL)—The Cuban labor movement today called on all the workers of the country to broadly discuss ways of increasing economic efficiency and improve quality in 1995.

A TRABAJADORES editorial states that when the so-called assemblies for economic efficiency begin in February, neither the Cuban Workers Federation [CTC] nor the country's labor unions want to limit the initiatives of the rank and file to a general blueprint and methodology "dictated from the top."

The editorial indicates that during the first period of meetings this year, the work centers are to find their own ways of organizing and structuring their assemblies to decide how efficiency can be improved to reduce costs and increase quality.

The workers have called for a sustained avoidance of formalism, rituals, and triumphalistic visions based on results produced by these meetings, which were initiated last year. The workers demand the establishment of efficiency commitments that can be measured, controlled, and expresed as part of an action plan.

In some places, the workers fixed their attention on material consumption norms, while in others, on the use of human resources and labor discipline, the editorial indicates.

The editorial reports that there are work centers that have technological problems and deficient inventory controls and notes that some centers will try to reduce or completely eliminate the need to receive subsidies and others will strive to increase profits.

As the Cuban labor movement sees it, man is the most important and decisive factor for reaching efficiency goals and for contributing, "with tenacity, intelligence, and enthusiasm to make of 1995 a year economically better than 1994," TRABAJADORES remarks.

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Pedro Ross Praises Isle of Youth Achievements

FL2101033595 Havana Radio Rebelde Network in Spanish 0000 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Cost reduction and quality improvement are essential indicators to be discussed by the unions during the third round of efficiency assemblies, which will begin on 15 February and run through 15 April. Pedro Ross Leal, secretary general of the CTC, has praised the achievements of the Isle of Youth Municipality, which he called outstanding during a Cuban Workers Federation [CTC] meeting. The province was selected to host the preliminary meetings to take place on 10 and 11 February. Ross also highlighted progress in the agricultural sector, particularly in rice and citrus production.

Western Army Reports Overall Improvements in 1994

FL2301011895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 22 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Evaluation of the work done by the Western Army in 1994 has ended with satisfactory results. Division General Senen Casas Regueiro, first vice minister of the Revolutionary Armed Forces, headed the group in charge of the assessment.

The Western Army reported improvements in 1994, particularly in combat readiness, budget utilization, and troop self-sufficiency. The troops excelled in target practice and combat readiness. In addition, care of equipment, weapons, and troops improved. There were noticeable achievements in preparing the theater of operations, with Havana Province showing the best results. The Western Army used only 88 percent of its 1994 budget due to insufficient material resources, and provided [as heard] approximately 18 million pesos. Agricultural programs were successful, and so far have resulted in 100-percent self-sufficiency in rice and 60 percent in meat.

[Begin unidentified Western Army member recording] This is an important year for Cuba's development. We realize the problems we are facing, however, we are optimistic and have confidence, which comes from our work. Positive results are not possible without work. This is essential, but not always understood. [end recording]

The annual evaluation also examined the units' emulation. Some units received awards, and others special mention, including Units 1700 and 2721, and the Pinar del Rio General Staff. Division General Leopoldo Cinta Frias stated at the end of the evaluation that there are still deficiencies to reverse. He called for a redoubled effort during 1995.

Training for 'Best Year Ever'

FL2301192595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The Western Army's 1995 training period began on 22 January. The goal of the Western Army is to turn 1995 into the best year ever in terms of preparations for defense. Esteban Lazo, first secretary of the Communist Party of Cuba in Havana, stated that the challenge is to surpass last year's results. During 1994 Havana declared 30 percent of its defense zones as ready in the second phase; met the civil defense tunnel construction program; and significantly increased the level of expertise and maneuverability of the Territorial Troops Militia.

[Begin Lazo recording, in progress]...the tasks accomplished and the results attained last year, allow us to affirm that in Havana, as well as the rest of the provinces defended by the Western Army, the conditions are set to defeat the enemy if it should dare to attack us. [end recording]

During the ceremony, the work conducted by Cerro, Marianao and Habana del Este Municipalities was praised. Likewise, it was acknowledged that the western region is in condition to attain the first place in the military emulation program.

Division General Espinosa Congratulates Eastern Army

FL2301031895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] The Eastern Army initiated 1995 defense readiness with a political ceremony and a review of the troops, which took place at the Calixto Garcia Revolution Park in Holguin. Division General Ramon Espinosa Martin, Cuban hero and chief of the Eastern Army, congratulated all combat troops, militia, brigade members, and all the people, in the name of the General Staff and the political sector of the Eastern Army, for the 1994 results.

Espinosa highlighted improvements in combat readiness, particularly in the troops, most of whom received the qualifications of good or outstanding during the general evaluation conducted by the Ministry of the Revolutionary Armed Forces. The efforts and results involve the improving of the theater of military operations, the care of equipment and armaments, and the production of food, among others. The Eastern Army is working in 1995 to consolidate achievements and continue advancing. The military review included a representation by different branches of the service.

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Havana Waterworks Service Director Reports Well Repairs

FL2101180795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 21 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Conrado Martinez, head of the Havana People's Government, moderated a discussion between Havana Administrative Council members and reporters today. One of the topics of discussion was Havana's waterworks.

Danilo Abrahantes, director of Havana's waterworks service, reported that 15 of the south basin wells are being repaired, following damage caused by the weekend wind and rain in Havana and Havana Province. He added that crews are working day and night in the hopes of repairing two more wells soon and are installing a valve that will bring water to Luyano neighborhood. He also affirmed that services are improving throughout Havana and that only certain high areas are experiencing difficulties, a problem that should be solved in a few hours. Abrahantes added that of the $546,000 the central government allocated for the provincial waterworks, a portion of the money has been used to buy equipment and materials to solve the problem of leaks as soon as possible. He reminded that the water truck service is completely free of charge.

UNESCO Director Discusses Jose Marti, Education Aid

FL2301024995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Cuban President Fidel Castro bid farewell to UNESCO General Director Federico Mayor, on 22 January at Havana's Jose Marti International Airport. Mayor had conducted a short but intense 22-hour visit to Havana, during which he spoke with Fidel Castro about UNESCO's collaboration agreements with Cuba, and about the world homage to Jose Marti that is to take place in 1995, and which will also be observed by UNESCO. Mayor spoke to the press at the airport, stating that UNESCO will also honor Mahatma Gandhi in India and Martin Luther King, Jr. in the United States. Mayor expressed admiration for Marti, adding that the poet is one of the inspirations for his own work. Mayor added that he hopes to return to Cuba to participate in the ceremonies commemorating the centennial of the fall of Cuba's national hero. Mayor explained that UNESCO headquarters will also host activities to honor Marti, and to disseminate his work. Mayor noted that celebrations are short-lived, and that the important thing is to permanently preserve Marti's work for many others to know.

Mayor remarked that he met with Cuban Foreign Minister Roberto Robaina during his stay, as well as with the Education, Higher Education, and Culture ministers. He announced that UNESCO will strengthen education aid to Cuba with material resources. Mayor said that collaboration with the cultural sector will increase as well, and expressed his hope for UNESCO aid to restore Habana Vieja Municipality.

Commentary Reaffirms Right To Express Opinions Publicly

FL2101190795 Havana Radio Rebelde Network in Spanish 1800 GMT 21 Jan 95

["Silence is an Accomplice": Commentary by Susana Tesoro; from the "National Radio News"]

[FBIS Translated Text] We should never mistake poverty for inefficiency. The right thing is to criticize mistakes [cosas mal hechas] and contribute to the solution. If we had been born in a country rich in resources, we would have more options to attain material goods, however, even that wealth could not be fulfilled without the decisive participation of the people, without each and every one of us showing the necessary disposition to discipline, high standards, hard work, and productivity. It is a fact that wealth results only from work and dedication. It does not fall from heaven. If we were to spend and spend without investing in development, that supposed wealth would not last long.

The opportunity every citizen has to express his opinions on anything, administration, or any mistake is right there, however, we see that people still only comment in private, and that does not help us either individually or collectively. It is true that some time ago, a group of politically and mentally narrow people would describe whomever expressed an opinion on anything as wrong and would insist on eliminating errors, as an antagonistic [conflictivo] and problematic individual. Although there were antagonistic and overly critical [hipercriticos] individuals, these expressions revealed numerous mistakes that were gradually eliminated from our society. There is still much more that needs to be corrected. The list is long, however, we are not going to make negligence and errors disappear unless we air them; all to the contrary.

The right to express an opinion is for any citizen of this country an obligation and duty.

We could be mistaken, but if we act in good faith—and everyone here knows what we mean—no one will have the gall to call us antagonistic or overly critical. Silence cannot be allowed to become an accomplice of errors because that complicity goes against you and us.

News Headlines from "First Thing" Radio Program

FL2001151595 Havana Radio Progreso Network in Spanish 1200 GMT 20 Jan 95

["Headlines" section of the "First Thing" program]

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[FBIS Translated Excerpt]—Cuban President Fidel Castro has received the Award of Merit bestowed by the National Olympic Committees and the Olympics Centennial Award bestowed by Cuban Olympic Committee;

—Commander Fidel Castro met on Thursday with Australian Foreign Minister Gareth Evans shortly before the conclusion of his two-day visit to Cuba;

—Ricardo Alarcon de Quesada, head of the Cuban delegation to the migration talks with the United States, ratified that there were controversial aspects which have to be solved in the future, in the round of talks which concluded on Thursday;

—The U.S. plan to grant $40 billion in credits to Mexico to help that country overcome its current financial crisis, has resulted in political and legislative controversies in both nations;

—Commander in Chief Fidel Castro acknowledged the efforts of state and private farmers in Havana Province who completed the winter planting program of sugarcane and other crops on schedule;

—Colombian President Ernesto Samper has invited Carlos Lage, vice president of the Council of State, to a meeting to discuss the progress attained and prospects to increase relations and bilateral cooperation in diverse sectors. [passage omitted including other national and international headlines]

[Havana Radio Rebelde Network in Spanish at 1212 GMT on 20 January carries the following headlines from the 20 January edition of GRANMA newspaper: "International Sports Acknowledge Fidel's Contributions, Vasquez Rana Presents Award of Merit from the Association of National Olympic Committees, and the Centennial Trophy; On 28 January the Pioneers Will Conduct Marches Honoring Marti; Pedagogy-95—Largest Scientific-Pedagogic Event; Australian Foreign Minister Visit Concludes, Was Bid Farewell at Jose Marti Airport by Fidel."]

Roundup of Economic Developments

FL2301020395

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 22 January 1995.

Fishing Minister Jorge Fernandez Cuervo ended a visit to the Americo Lara fishing and industrial plant in Santa Cruz del Sur, Camaguey, on 18 January, where he evaluated 1994 results and 1995 goals. Fernandez called on fishermen to catch one million tonnes of lobster in 1995, and announced the delivery of fiberglas boats. Workers achieved shrimp and lobster export goals in January. (Havana Radio Rebelde Network in Spanish 1000 GMT 18 Jan 95)

Sergio Soto oil refinery in Caibaiguan, Sancti Spiritus, expects to refine 30,000 tonnes more in 1995 than the 109,000 tonnes of crude refined in 1994 due to increased drilling in Majagua, Ciego de Avila, and to new workers' incentives. (Havana Radio Rebelde Network in Spanish 1000 GMT 18 Jan 95)

Cienfuegos Revolutionary Armed Forces, FAR, collected 80 percent of the coffee harvest in the Escambray mountain area, surpassing the results achieved during the same period in 1994, and expects to complete the current campaign before the end of March. (Havana Radio Rebelde Network in Spanish 1000 GMT 18 Jan 95)

The construction and specialized assembly enterprise of the Ministry of Construction in Ciego de Avila ended 1994 with profits of over $50,000 from the sale of furniture. (Havana Radio Rebelde Network in Spanish 1000 GMT 18 Jan 95)

Tourism workers in Santiago de Cuba Province have donated approximately $40,000 in tips to the health sector. Over $700,000 in tips have so far been donated nationwide. This has been mostly invested in the purchase of medicine for cancer patients. (Havana Radio Progreso Network in Spanish 1200 GMT 18 Jan 95)

Cienfuegos ended 1994 with positive results in its provincial budget and better monetary circulation. For the first time, the province ended with a positive balance of 35.5 milliion pesos. Much of these results are attributed to an increase in the price of cigarettes and fees on services. The expected deficit for 1994 was 55 million pesos. (Havana Radio Rebelde Network in Spanish 1000 GMT 19 Jan 95)

In Havana City, the 16th Brigade of the Blas Roca Calderio contingent has completed a trench for new electrical cables at the Talla Piedra electrical plant. (Havana Radio Reloj Network in Spanish 1500 GMT 19 Jan 95)

Santiago de Cuba hopes to complete its coffee harvest by 28 January. Its goal is to reach three million cans of coffee. So far, they have met 97 percent of their goal, leaving 100,000 cans yet to be collected by that date. (Havana Cuba Vision Network in Spanish 0100 GMT 20 Jan 95)

Antonio Guiteras mill in Puerto Padre Municipality, Las Tunas, is investing over 3.5 million pesos in equipment and repairs, to be ready for the current sugarcane harvest. This mill was the largest sugar producer last harvest. (Havana Radio Rebelde Network in Spanish 0000 GMT 21 Jan 95)

Santiago de Cuba agricultural workers are harvesting in Ciego de Avila to increase food production. The Frank Pais contingent, which excelled in 1994, expects to collect 190,000 quintales of tubers and vegetables in 1995. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 22 Jan 95)

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During a meeting with presidents of the municipal assemblies of the people's government in Camaguey, the Isla Azul hotel chain reported profits of over 141 million pesos in 1994. The chain, with over 5,000 rooms in Cuba, expects to improve the quality of its service in 1995. (Radio Reloj Network in Spanish 2030 GMT 22 Jan 95)

Haiti

Aristide Visits Jeremie 22 Dec

Discusses Justice, Cost of Living

FL2301211895 Port-au-Prince Radio Metropole in French 1145 GMT 23 Jan 95

[Report by Joseph Guiler C. Delva President Aristide's visit to Jeremie on 22 January—live or recorded]

[FBIS Translated Text] Justice and the high cost of living were the main themes tackled by President Jean-Bertrand Aristide during his visit to Jeremie on 22 January. The Haitian head of state did not beat around the bush. The message was quite clear: The judicial machine must and will move more quickly. He announced this in a firm tone.

[Begin Aristide recording, in Creole] My visit to Jeremie is to announce to Grand'Anse and to Haiti that the justice machine will move more quickly. [applause] Today I am announcing to all Grand'Anse victims that even if you do not have the money to go to court and lodge complaints against either people who killed relatives of yours and who continue to move around in your presence, or notorious criminals you still see here, I invite you not to commit acts of vengeance against them, but rather to lodge complaints. [end recording]

Aristide and the Jeremian population share tremendous dissatisfaction with the way the Haitian judicial system is working. A new public prosecutor was appointed in Jeremie as well as new judges in the surrounding areas. The few thousand Jeremians, who gathered in front of police headquarters in this city, were clamoring for the dismissal of Minister of Justice Ernst Mallebranche. President Aristide says he made note of their demands. The same concerns were expressed by a close relation of President Aristide, Father Joachim Samedi, who says he sees in Mr. Mallebranche an obstacle to the progress of Haitian justice.

Concerning the question of the high cost of living, while acknowledging the difficulties of the moment, President Aristide admitted that the government could do more to fight the high cost of living. Aristide spoke of the reopening of state-owned stores, for example, and announced the implementation of various projects, notably projects to repair and build roads, estimated to cost tens of thousands of gourdes, which is already available. In short, the president of the Republic, accompanied by Minister of Women's Affairs Lise Marie Dejean and Minister of External Cooperation and Planning Jean-Marie Cherestal, was in Jeremie to address justice and the high cost of living, two subjects which, if not immediately remedied, will most likely result in the fall of some governmental officials.

Addresses Citizens

FL2401010395 Port-au-Prince Radio Metropole in French 1700 GMT 23 Jan 95

[FBIS Translated Excerpt] President Aristide visited Jeremie in Grand'Anse on 22 January for a few hours. He spoke of justice and the high cost of living.

[Begin recording, in Creole] [Aristide] The Justice Minister Guy Malary died. He cannot have died without justice being done. [applause] Father Jean-Marie Vincent died. He cannot have died without justice being done. Antoine Izmery died; Claude (Muzo) died; many people died. They cannot have died without justice being done, because if justice is not done, instead of leading to reconciliation, vengeance will take its place. Since we do not want vengeance, since we want reconciliation and peace, justice must then be done. I encourage everyone. [passage omitted]

If you do not have the money to lodge a complaint against them, go see a delegate. The government will give money to the delegate to pay lawyers to hear the complaints of those who wish to lodge one. [applause] And if a judge would like to block a lodged complaint, I am sorry for him because we will not tolerate such a thing. [applause] I repeat, all of you in Grand'Anse. [passage omitted]

[Unidentified speaker] In Jeremie, everyone thinks that the justice minister is the representative of the macoutes, of the coupists in Jeremie. That is why the justice system will not work with this minister of justice. I believe that when he was appointed, within the framework of reconciliation, the macoutes in Jeremie applauded. They felt they had their own minister. [passage omitted]

[Aristide] Has the government done everything possible to fight the high cost of living? [Answer from crowd: No!] Bravo! I agree with you 100 percent. I, the president of Haiti, who you elected on 16 December 1990 for a better life, I came to tell you that we cannot tolerate the high cost of living the way it is right now. [passage omitted] [end recording]

Imprisoned Cedras Allies Relinquished to Haitian Government

FL2301230495 Port-au-Prince Radio Metropole in French 1145 GMT 23 Jan 95

[FBIS Translated Text] The national news involves the case of those Haitians detained by the multinational force now under the jurisdiction of the national authorities. The Haitian Government is from now on in charge of conducting the cases of about 30 prisoners who until

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now had been under the control of the U.S. military. Those prisoners, including former officers and those closest to General Cedras, will still be detained in the detention centers of the multinational force. The U.S. Embassy spokesman in Port-au-Prince indicated to one of our reporters that it now falls on the Haitian Government to decide on the fate of those prisoners. Let us listen to Stanley Schrager:

[Begin recording] [Schrager] They were officially transferred into the hands of the Haitian Government on Friday [20 January]. The future of those prisoners falls in the hands of the Haitian authorities. It is up to them to decide on what will follow. We said from the beginning that we will transfer them to Haitian jurisdiction as soon as the government is ready to receive them.

[Reporter Francois] How many prisoners have been transferred to the Haitian authorities?

[Schrager] There are 26 right now.

[Francois] So, 26 were arrested during the time of the intervention?

[Schrager] Exactly.

[Francois] Where will they be detained then?

[Schrager] At the premises where they have been. It is up to the Haitian Government to decide if they are still a threat to state security. Right now, the Haitian Government has decided that they are still a threat to state security, so they are still in detention. I would like to point out that it is now up to the Haitian Government, but I believe there are some Haitian officers there. We call it a joint detention facility for the two countries. The decision for right now is up to the Haitian Government. [end recording]

[Announcer] It should be recalled that the persons closest to those prisoners had recently staged a series of demonstrations in Port-au-Prince to demand their release.

'Heavily Armed' Individuals Attack Radio Station

FL2301211995 Port-au-Prince Signal FM Radio in French 1130 GMT 20 Jan 95

[FBIS Translated Text] Criminals once again struck at Radio Haiti Inter. Six heavily-armed individuals broke into the Radio Haiti Inter premises, which house the AM transmitter of the private radio station in Drouillard, Cite Soleil, on the night of 18 January, according to a 19 January statement to the Haitian Press Agency by Jean Leopold Dominique, the general director of the radio station. According to Mr. Dominique's subsequent confirmation to Signal FM, two caretakers of the premises were targeted by those armed bandits who later sabotaged the telephone installations before making off with a great deal of AM radio equipment and spare parts. The same bandits also attempted to steal a generator from a small room adjoining the transmitter, said the Radio Haiti Inter director, adding that the entire operation lasted two hours.

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Foreign Secretary Cited on Efforts To Obtain U.S. Credits

PA2301153295 Mexico City NOTIMEX in Spanish 0118 GMT 23 Jan 95

[FBIS Translated Text] Mexico City, 22 Jan (NOTIMEX)—Foreign Secretary Jose Angel Gurria today assured that the possible granting of credits from the United States to Mexico, as well as the U.S. Congress' demand for guarantees to approve these credits, will not involve sacrificing the nation's sovereignty. Gurria denied recent reports regarding the consequences for Mexico if it were to receive support in the amount of $40 billion.

Gurria recently concluded an overseas tour in which he explained the emergency measures implemented by the Mexican Government to deal with the monetary crisis that followed the peso's devaluation on 20 December. He contended that Mexico has no solvency or overindebtedness problems, and he noted that the current economic problems will not affect NAFTA—the free trade treaty implemented by Canada, the United States, and Mexico in January 1994. "The package does not involve any changes for Mexico as a partner of the United States and Canada, and therefore, the sooner it is approved, the better it will be for all three countries," he added. He said that if U.S. support is obtained, there will be no need to redefine foreign policy or petroleum policy, control over or the exercise of Mexican sovereignty, or the parallel agreements or "private letters [cartas privadas]" dealing with the country's political problems.

"We trust that the text of the agreement will be acceptable and that it will not imply a commitment to alter Mexico's foreign policy or include conditions that damage our sovereignty. Any topic that might imply a violation of our national sovereignty is not under discussion," he explained.

The foreign secretary said the package under discussion is a Clinton initiative for Congress to authorize the issuance of $40 billion worth of debit bonds [bonos de deuda] to support Mexico. Gurria also noted that the amount and terms of this package are unprecedented. He noted that the $40 billion package represents nearly 12 percent of Mexico's 1995 projected GDP, according to estimates by the Finance and Public Credit Secretariat.

If the U.S. Congress approves this aid, Clinton "would provide guarantees in favor of Mexico which, in turn, would issue bonds in the national and international markets to reschedule the maturity dates of its public debt in an effort to restore confidence and stability in the financial and exchange markets," he noted.

Gurria explained: "The Mexican Government would issue bonds in dollars—bonds that would be backed by the U.S. Government. It would place these bonds in the national and international markets with the guarantee that, when they mature, the Mexican Government would cover their interest or capital payments." He said "Only if under some unusual circumstance Mexico were unable to meet these payments, the guarantor, the U.S. Government, would meet the obligation... but this is a very remote possibility."

The foreign secretary stressed that, after the peso's devaluation, Mexico's public debt—as a proportion of the GDP, and in comparison with the country's overall public debt, both domestic and foreign—is approximately 40 percent of the GDP. [sentence as received]

He explained that the average debt of OECD members in relation to GDP is 60 percent. In other words, Mexico's figure is two-thirds of the OECD average. "We are less indebted that even the United States," he said.

Gurria added: "This means that to the extent we are able to guarantee the extension of the maturity dates of our public debt, which currently has an accrual of maturities too large to meet in the short-term, we would establish a compendium of eased payments over a 10-year period, which will not place a heavy burden on our finances."

The financing cost for this operation is the payment of a "commission of guarantee [comision por aval]" which will be established when Mexico issues its debit bonds. The interest rates the Mexican Government will pay will be equal or close to the rates the U.S. Government pays on its bonds.

Gurria noted that within the next 18 months, Mexico will decide the amounts and maturity dates for the guarantees, and this will be up to the authorities of the Finance and Public Secretariat and the Bank of Mexico, as they deem advisable. He also announced that the process to discuss and analyze the package in the U.S. Congress could begin on 30 January.

Zedillo, Foreign Secretary Deny Pemex Privatization Planned

PA2301160195 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 23 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] Pemex [Mexican Petroleum] will not be privatized. As Jaime Guerrero will report, there will be no private letters [cartas privadas] in the [words indistinct] the U.S. Government will consider when granting financial assistance to Mexico. This was announced at Los Pinos Presidential Residence yesterday. Here is Jaime Guerrero:

[Guerrero] The president and legislators from the PAN [National Action Party] and PRI [Institutional Revolutionary Party] held several meetings at Los Pinos this weekend. The meetings focused on the issue of national sovereignty.

[Begin PAN Senator Gabriel Jimenez recording] We have two major concerns involving the possible loss of our sovereignty: first because of these reforms, and

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second because of probable foreign investments in telecommunications and railroads. [end recording]

[Guerrero] According to a presidential communique, Ernesto Zedillo was adamant that the country's sovereignty will not be discussed, neither with regard to constitutional reforms nor with regard to the financial assistance granted by the United States to help Mexico overcome its economic crisis.

Zedillo ruled out that the country would make any political commitments to the United States, which means Pemex will not be privatized. Foreign Relations Secretary Jose Angel Gurria, one of the Mexican negotiators, endorsed Zedillo's position at a news conference on Sunday [22 January].

[Begin Gurria recording] No issue that would imply undermining our national sovereignty is being discussed. [end recording]

[Guerrero] Gurria also ruled out that the country has a problem with overindebtedness. Gurria added that the process to obtain the $40 billion line of credit is in its intermediate stage, and he expressed his confidence that the texts of the agreements with Washington will be acceptable and will not involve any commitments that call for a change in the country's foreign policy.

Gurria said there will be no private letters among the guarantees demanded by the U.S. Congress to grant the credits. The credits currently being discussed in the U.S. Congress are fundamental to President Zedillo's plans to overcome the current economic crisis. The proposals to privatize ports, railroads, and telecommunications are among the primary proposals contained in these plans. To this end, legislators have voiced their concern, because they are afraid all public sector monopolies might be privatized.

Presidency Announces Cabinet Changes

PA2301150595 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 23 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] Miguel Limon Rojas, the former agrarian reform secretary, has been named education secretary. Limon Rojas is replacing Fausto Alzati, whose academic credentials had come into question.

The Presidency has issued a communique that also said Arturo Warman would be transferred from the Agriculture, Livestock, and Rural Development Secretariat to the Agrarian Reform Secretariat.

Francisco Labastida Ochoa will become the agriculture secretary. Until yesterday, he was the director general of federal highways, toll bridges, and related services. The officials will assume their new posts today. This covers the cabinet changes.

The communique adds that President Ernesto Zedillo Ponce de Leon also accepted the resignation of Federal District Attorney General Ruben Valdes Abascal, who stepped down for health reasons. This is a more significant cabinet change. The new Federal District attorney general is Jose Antonio Gonzales Fernandez, who will take office once the Legislative Assembly of the Federal District approves his appointment.

[Paris AFP in Spanish at 1323 GMT on 23 January transmits a 270-word, Mexico City-datelined report which adds that, in his initial reaction, Felipe Calderon, secretary general of the National Action Party, said, "It is a bad sign that, within such a short time, so many cabinet changes are taking place." AFP then quotes Raymundo Cardenas, leader of the Party of the Democratic Revolution, who said, "The resignations and changes are a sign of the government's weakness, which is causing the instability Mexico is experiencing."]

Finance Secretary Addresses Deputies

PA2301201495 Mexico City Canal 13 Television Azteca Network in Spanish 1826 GMT 23 Jan 95

[Speech by Guillermo Ortiz, Mexican finance and public credit secretary, before the Chamber of Deputies at the Legislative Palace in Mexico City—live relay]

[FBIS Translated Text] President of the Chamber of Deputies, Deputies, ladies and gentlemen:

I have come to this chamber to explain the basis of the draft decrees to reform the federation's Revenue Law and certain financial laws. I have also come to explain the difficult economic situation the country is going through and the actions we will take together to overcome it.

In recent weeks, Mexicans have experienced uncertainty caused by what happened in the financial markets which led to the devaluation of our currency, marked increases in interest rates, and inflation.

How did we get into such a situation? How will we resolve it? As deputies who spoke before me said, it is important for me to respond truthfully to questions asked about the drastic change in the economic situation.

In the first place, it is important to explain why in only a few weeks an optimistic economic outlook and the expectations for growth turned sour.

To do this, allow me to review some structural factors of the Mexican economy. For various reasons, for the past few years, we have observed a drop in the savings of Mexicans. The proportion of savings with regard to GNP dropped from historically high levels of more than 20 percent to levels closer to 15 percent.

This means that the national resources available for investments required by our country to grow decreased. This situation contrasts with that of highly developed

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countries and the countries of Southeast Asia and Latin America that achieve savings levels that in some cases amount to 30 percent.

Between 1990 and 1994, the difference between what the country saved and what it invested, that is, a [words indistinct] on the current account doubled in proportion to the GNP. This shows insufficient savings in the face of the urgent need to increase investments to create the jobs demanded by Mexicans.

In addition, within the context of the joint efforts established in the economic pacts, Mexico recently made great strides in limiting inflation. A key element in these joint efforts was the plan for an exchange rate policy that kept fluctuations in the exchange rate within set limits.

One could say that the exchange rate was the anchor of the stabilization program. The exchange system helped bring about stabilization in the markets and reduce inflation, however, as time passed it also led to a progressive appreciation of our currency. Foreign products became relatively more accessible compared to local goods and services, and this promoted the excessive importation of foreign products, as has already been mentioned here.

That was another factor that contributed to the growth of the deficit in our current account, which went from 3 percent of GDP in 1990 to 7.8 percent of GDP in 1994; that is, to $29.5 billion. To compensate for the difference between savings and investment, which translates into the deficit in the current account, in the past few years Mexico had a large influx of foreign investment that not only covered the deficit but also generated a substantial increase in the reserves of the Bank of Mexico.

This type of resource was made up of direct foreign investment along with portfolio investment in Mexican securities. Over time, the latter, the investments in securities, began to take on more and more importance. It is necessary to point out that in a phase of profound economic modernization, such as that which Mexico was recently experiencing, a moderate deficit in the current account is not necessarily undesirable. International experience shows that it is possible to finance moderate imbalances with resources from abroad in a healthy fashion. For this, however, one must ensure that an appropriate proportion of these resources is direct investment; otherwise it would rest too heavily on capital whose permanence is not guaranteed.

In 1994, domestic and foreign events began to complicate the economic picture, drying up the influx of foreign resources needed to finance the deficit in the current account. For one, several measures adopted by the U.S. monetary authorities triggered an increase in international interest rates. This situation diverted the flow of investment from the so-called emerging markets—including Mexico—toward the more developed economies.

Consequently, from the second quarter of 1994 we began to suffer from a drop in the flow of foreign resources. The political and criminal incidents that took place in Mexico throughout 1994, which created concern among investors and fund administrators, also caused the deterioration of the economic situation.

[Chamber of Deputies president, interrupting] I would like to ask the secretary to (?interrupt) his speech and ask everyone to occupy their seats and be quiet. I ask the visitors to be quiet and behave, or we will have to ask them to leave. Mr. Secretary, please continue.

[Ortiz] At the end of the first quarter of 1994, the authorities responded to these events by allowing the exchange rate to drop, but always within the limits imposed by the trading range agreed upon in the pact. In addition, to avoid capital flight among those investors who perceived the risk of a drop in the value of their investments in Mexican securities, the government resorted to the issuance of Tesobonos [Treasury Bonds], which represent an internal debt but with the yield linked to the peso-dollar exchange rate.

Finally, it was also necessary to increase interest rates to maintain the capital flow toward our country. As it is known, these actions were not enough, and throughout 1994 there was a substantial loss of international...

[Chamber of Deputies president, interrupting] Deputy (Marhuez), we are perfectly aware of the problem. We are trying to make this as easy as possible for everyone. I ask you to please be quiet and take your seat! [applause, shouts] I ask the sergeant at arms to take whatever action is necessary to maintain order. Mr. Finance Secretary, please continue your speech.

[Ortiz] With your approval, Mr. President.

The previous factors suggested the need to make changes in the economic policy, especially in the currency exchange rate area, as mentioned by Deputy Garcia Villa.

There were, however, other factors pointing in the opposite direction and which, in the final instance, led officials to maintain the exchange rate established in the agreement. This is particularly true of the current account. Despite the fact that it reflected a large deficit, it also showed an unparalleled increase in and greater diversification of manufactured exports.

For example, in November 1994—which is the latest information we have—exports grew at an annual rate of 31 percent. In addition, productivity in our industries showed important increases due to the profound structural changes implemented in the last few years.

When the current accounts were evaluated in mid-1994, the real exchange rate was still considered competitive, and some of the factors that provoked uncertainly among investors in 1994 were of a temporary nature. That is why it was believed that by focusing on a gradual

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adjustment such as that which was presented in the general criteria for the 1995 economic policy, the current accounts deficit could be financed and gradually corrected.

We must emphasize that the conclusions of Mexican officials that this plan was viable and sustainable were endorsed by the principal international financial organizations, including the World Bank, the IMF, and the OECD. We must also emphasize that many of those in the U.S. stock market who are today making a great to-do about the devaluation endorsed the economic policy, and particularly the currency exchange policy of the Mexican Government.

This shows that it was not only the government which thought that things could be gradually resolved, but the concept was clearly supported at the international level. It is true that there were dissenting voices, as Deputy Garcia Villa has previously mentioned. It is true that there were those of us who pointed out that we had to act before that time, that we had to act quickly. But I repeat, the deficit in the current account was at almost a yellow warning light in the international financial reports and in the greater part of the foreign stock exchanges. As we all know, on 4 November, upon analyzing the latest presidential report, we pointed out that the peso was overvalued.

As President Zedillo has said, it is very important to understand the strategy we have followed over the last few years to separate the things that did not work from those that have had positive results and upon which we will build the future. This distinction is essential so we can concentrate our efforts on strengthening the correct measures and designing mechanism that will keep us from making the mistakes of the past.

As I have tried to explain—with the advantage of hindsight—we can identify two aspects of the economic policy which did not work. On one hand, the lack of domestic savings was corrected with an influx of volatile foreign currency that was focussed on short- term investments. On the other hand, over the last three years the real exchange rate was allowed to become progressively overvalued.

In view of the critical economic situation, the government of the republic has presented a coherent economic strategy which unifies society's efforts to overcome the current problems as soon as possible.

The program to overcome the economic emergency has three main aspects: In the first place, we must tackle financial instability, which has resulted in a volatile and very elevated exchange rate, as well as very high interest rates. The main reason behind this instability is the amount and structure of the maturity of circulating Tesobonos.

Indeed, this short-term debt, which was accrued in 1994 to alleviate the flight of capital, now represents a significant source of pressure on the exchange rate. This is because when the Tesobonos mature under the unstable conditions we are experiencing, there is not enough demand for such instruments. Given that the yield of Tesobonos is stated in dollars, investors who receive payment generate a great deal of pressure on the exchange rate by obtaining foreign currency. One of the first measures adopted by the federal government to restore the confidence of investors was the creation of an $18 billion Financial Stabilization Fund. This fund was made up of resources supplied by financial authorities from the United States and Canada, within the framework of the North America Financial Agreement in the amount of $10 billion; by the main central banks of industrialized nations through the International Bank of Payment in the amount of $5 billion; and by international banks for the remaining $3 billion. This last package to be received from international banks will materialize in the next few days.

In this regard, the U.S. Government has announced its intention to grant financial assistance to Mexico for up to $40 billion in order to help stabilize the financial and foreign exchange markets. Said assistance would guarantee payment for new external debt instruments issued by Mexico. These new instruments would replace circulating Tesobonos.

According to this plan, upon the maturity of the new debt issuances or on the date interest payments are due, and only if the Mexican Government is unable to meet these payments, would the U.S. Government be required to make payments. Should this happen, the U.S. Government would be reimbursed using resources from the sale of oil exports. This form of payment in no way compromises national sovereignty, nor does it grant anyone rights over our oil resources, Mexican Petroleum [Pemex], or our pricing or oil sale policies. This form of payment has been used many times in the past. This is a form of payment that is not new. It was used in the 1980s, in 1982, 1985, 1987, and in various commercial transactions conducted by Pemex with private companies and banks.

I want to assure Deputy (Saul Escobar) that we will not accept impositions on our oil resources, our laws, or our industry, as he himself has mentioned.

The revenues obtained from the aforementioned issues will allow us to cancel part of the short-term debt in the form of Tesobonos. It should also be pointed out that the new debt would be contracted at interest rates lower than those paid currently by Tesobonos, and their maturity term would be greater.

We can thus conclude that this action would improve the profile of our public debt and reduce the cost of debt servicing. This strategy should result in lower interest rates in the internal market, and it would allow the exchange rate to stabilize at levels below those observed in recent days. It is evident to evereyone that the exchange rate today is very much undervalued.

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In order to implement this strategy of replacing short-term debt for a debt offering better conditions to our country, the federal executive has submitted to this legislature a proposal to modify Article II of the Federal Budget Law for 1995.

As stated in the initiative sent by the executive, the proposed replacement operation does not involve any increases in the total net debt of the Federal Treasury, because new loans will only be contracted as long as the ownership and circulation of Tesobonos can be refinanced under better conditions. It must be clear, as President Zedillo has repeatedly said, that under no circumstances will Mexico use the U.S. guarantee plan if it stipulates conditions that undermine our country's sovereignty.

To contribute to the stability and consolidation of the national financial markets, the executive has submitted a reform bill to the legislature for its consideration. This bill seeks to improve the capitalization of financial intermediaries, and to accomplish this objective it proposes legal modifications that will favor an injection of resources from local and foreign investors to the institutions of the financial system.

The second tier of the economic program concerns the problem of reducing the current account deficit and seeks to mitigate the inflationary impact of last December's devaluation. Key measures include the strengthening of domestic savings, public as well as private, through an austere monetary policy; efforts to limit increases in prices in both the public and private sectors; and moderation in terms of salary demands. The federal government will reduce public spending by approximately 1.3 percent of the GNP to strengthen public savings. We must accept in all honesty that this measure represents a cost for society and will be reflected in the short term through a smaller volume of investment. Nevertheless, President Zedillo has instructed me to protect as much as possible public spending destined for health and education programs, the training of workers, and the fight against poverty.

Even amid adverse circumstances, we will maintain our commitment with the less privileged sectors. Let's be categorical about this point. We know we must spend less to save more. The challenge we are now facing is to utilize as efficiently as possible the fewer resources we have within a context of austerity and discipline. This is President Zedillo's pledge.

All these measures were agreed upon by the various productive sectors on 3 January within the framework of the Agreement of Unity to Overcome the Economic Emergency and represent society's responsible answer vis-a-vis the crisis. The accord will prevent us from repeating past mistakes, because we would have fallen in an inflationary spiral with which we would all have been losers had it not been signed.

The Agreement of Unity to Overcome the Economic Emergency emphasized the goals of conciliating interests amid adverse conditions, equitably distributing the social costs of the adjustment, and achieving a balance among the various productive sectors. We must avoid at any cost price and salary increases that could undermine the profits in competitiveness in the country prompted by the devaluation. Past experience has proved to us that generalized increases in prices and salaries fuel instability, benefit a few, and harm the large majority. President Zedillo has been clear about this point. The current sacrifice, although intense, will enable us to overcome the current situation within a short time.

The third tier of the economic program comprises and consolidates the most positive elements of the economic strategy followed in recent years.

The essential purpose is to increase the efficiency and competitiveness of the Mexican economy as the only viable way to create permanent and better paying jobs.

In today's world, we can only compete if we foment the growth of productivity through greater competition in the markets. Thus, we will increase deregulation and the elimination of obstacles, unnecessary costs, and useless bureaucracy. We will promote an open commercial system that will give our producers access to intermediate supplies [insumos intermedios] with quality and prices that are similar to those of their competitors abroad.

President Zedillo has reaffirmed his commitment to make structural changes to make room for the private sector's participation in development. This will include, when advisable, the elimination of public enterprises or assets in areas where the exclusive activity of the state is no longer necessary.

Ladies and gentlemen, legislators: the economic strategy we are proposing incorporates the difficult lessons we have learned in this and other crises we have already overcome. The path ahead is, undoubtedly, difficult but we will stick to our course because we are convinced that it is the right one.

We will persevere in the efforts to stabilize the economy and fight inflation. We will continue the structural changes and foment national savings. These actions will be carried out with a clear social awareness, promoting training programs for our workers, and increasing the resources to fight extreme poverty and help the health and education sectors.

The continuation of structural changes will allow the government to concentrate in the key aspects of its responsiblity toward society. We will thus strengthen our country's sovereignty, a sovereignty whose reaffirmation and defense is the first and foremost commitment of the government of the republic.

It would not be right for us to confuse the defense of sovereignty with the measures that, under certain historic circumstances, Mexicans have adopted precisely to consolidate that sovereignty. There were times when the

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expansion of the public sector or the protection of an economy basically oriented to the domestic market were effective instruments in the reaffirmation of that sovereignty. But they are no longer effective instruments in the era of globalization, commerce, investments, and technological revolution.

Today, to defend our sovereignty, we must strengthen the nation by expanding our capacity to compete in the world market and by fully joining the processes of economic and technological modernization that are the distinctive signs of our times. In this way, we will build a healthier economy, an economy capable of creating the better paying jobs demanded by Mexicans, overcoming historical backwardness and meeting the needs that our society still has.

The country's situation is difficult. But we do have the leadership and command to face present and future challenges.

Under President Zedillo's leadership and with the solidaristic effort of Mexicans, we will face this difficult situation, responding to it quickly and effectively. This is the path to strengthen, on the eve of the 21st Century, our country's sovereignty. This is the unyielding goal of the government of the republic and it calls on all Mexicans, without exception, to attain it. Thank you.

New Under Secretary of Energy Sworn In

PA2101154895 Mexico City XEW Television Network in Spanish 0340 GMT 20 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Jorge Eduardo Navarrete was sworn in today in Mexico City as the new under secretary for hydrocarbons of the Energy, Mines, and Parastatal Industry Secretariat, replacing Alfredo Elias. Francisco Rocha Bandala was sworn in as the new director of the National Fund for Development and Guarantee of Workers Consumption.

Secretary Says Devaluation Will Improve Competitiveness

PA2101223795 Mexico City LA JORNADA in Spanish 19 Jan 95 p 41

[FBIS Translated Text] After stating that the devaluation "will make the country more competitive," Herminio Blanco, secretary of commerce and industrial development (Secofi), said the secretariat is facing two challenges: resolving the negative effects of the devaluation and getting the country back on the path toward growth and job creation. He remarked that Secofi is making various agreements with production sectors "to minimize" the effects of exchange rate fluctuations on the inflation rate.

The official declared that there has been significant progress in the accords with the production sectors, and talks will conclude in the next few days on increases in prices of basic market products.

Secretary Blanco explained that the talks with representatives of the country's production sectors have been positive because an effort has been made to ameliorate the negative impact of the devaluation on inflation.

Each production sector has been asked to do its share to fulfill the Agreement of Unity To Overcome the Economic Emergency; namely, "to sacrifice" profits.

Herminio Blanco expressed optimism after saying that the recent devaluation "will make us more competitive, because Mexico will be able to export more and could grow and generate jobs."

That is why, he asserted, Secofi will bolster its efforts to promote industry and foreign trade so those sectors can take advantage "of the opportunities presented by this devaluation."

The official stressed that the Secofi reorganization will facilitate the promotion of foreign trade and industry while placing special emphasis on economic deregulation in terms of the obstacles faced by producers at the state and municipal levels.

Zedillo Meets With PAN Leadership, Rejects Authoritarianism

PA2101004895 Mexico City XEW Television Network in Spanish 0430 GMT 20 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo on 19 January welcomed the National Action Party [PAN] leadership to Los Pinos for a private two-hour meeting. During the meeting, President Zedillo said the nation's democratic future is at stake. He told the PAN members that he totally disagrees with the idea of the state becoming authoritarian, as some people have proposed. It is time, he said, to work without resorting to populism and demagoguery and to tell people of the magnitude of the problem and the scope of the efforts being made. He maintained that under no circumstances will he give in to demands for authoritarianism.

PAN President Carlos Castillo Peraza concurred with President Zedillo on the need to make political dialogue a priority as an instrument for resolving controversies. We cannot have a healthy economy without democratic policies, the PAN leader added, showing the PAN's resolve to fully participate in the national talks leading to state reform.

Government Secretary Esteban Moctezuma also attended the meeting. In addition to Mr. Castillo, Deputy Felipe Calderon, PAN secretary general, and Gabriel Jimenez Remus, leader of the PAN bloc in the Senate, attended the meeting on behalf of the PAN, as well as the members of the PAN National Executive Committee; namely, Luis H. Alvarez, Jesus Galvan

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Munoz, Maria Elena Alvarez, Guadalupe Salinas Gonzalo Altamirano Dimas, Salvador Beltran Del Rio, Enrique Caballero, Rodolfo Elizondo, Ricardo Garcia Cervantes, Juan Manuel Gomez Morin, (Juan Landerreun Obregon), Alfredo Ling Altamirano, Hector Teran Teran, and Juan Manuel Alcantara.

Mining Chamber Presents to Zedillo 6-Year Investment Plan

PA2101043495 Mexico City XEW Television Network in Spanish 0430 GMT 20 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo has met with members of the Mexican Mining Chamber. Manuel Ancira, president of the Mexican Mining Chamber, presented the chamber's six-year investment plan during the meeting, which took place in the Vicente Guerrero Hall of Los Pinos Presidential Palace.

The Mining Chamber plans to invest approximately $5 billion as part of the overall commitment aimed at supporting the Mexican Government's program.

Ancira stated as follows during a news conference following the meeting with President Ernesto Zedillo:

[Begin Ancira recording] This investment plan will allow in the short term the creation of nearly 2,000 new jobs and will implement 21 new projects currently in the planning stage. This investment plan will allow continued growth within the mining family, which includes more than 1.5 million Mexicans. [end recording]

On the opportunities for foreign investments, Ancira said:

[Begin Ancira recording, in progress] ...at least 170 U.S. and Canadian mining firms have already contacted the Mining Chamber and government. These firms have evidently determined it is profitable to invest in Mexico at this time. [end recording]

Mining production will surpass 12 billion new pesos during 1995.

Trade Secretary Herminio Blanco and the director of the Mexican Mining Chamber were present during the meeting. In addition, other guests present during the meeting included Fernando Rivero, member of the UTLAN Mining Company; Jose Francisco Gutierrez, representing Corporacion Alfil; Pablo Gonzalez Sada, from the Grupo Vitro; (Carlos Eslin Ellu), from Frisco; Mario Ruiz Sandoval, from Pena Colorada; Rogelio Perez Garcia, from Cobre de Mexico; German and Genaro Larrea Motta Velazco, representing Industrial Minera Mexico; Antonio Madero Bracho, from (Industrias Wismy), and (Javier Autrey Nasa), from Grupo Real del Monte, among others.

Banks Stop Offering Mortgages While Analyzing Portfolios

PA2201001595 Mexico City REFORMA in Spanish 20 Jan 95 p 25A

[Report by Diego Ayala and Mildred Ramo]

[FBIS Translated Text] Banks have stopped offering mortgages until they finish analyzing and restructuring their portfolios, which will take approximately one to two weeks, according to banking sources who declined to be identified as this is a delicate matter for financial institutions.

The sources added that all banks want to come out as best they can regarding mortgages, but without hurting clients. "In specific terms, we, the banks, are analyzing three basic points of the mortgage portfolio," they noted.

The first point, they said, deals with the portfolio of current clients. The sources noted it is important for them to maintain it and keep it from falling into arrears.

"That is why we, the banks, must think of ways to help our good clients make their payments on time every month, but in ways that wont hurt the bank."

Another point being analyzed is mortgages being processed; that is, those that have been orally agreed upon through those that have already been signed before a notary public. The purpose is to see if the contract will be honored or if some adjustments will be made.

The last point is new mortgages; that is, those that have not been contracted, although there are plans to do so in the future. The consulted banking sources referred to last week's Mexican Association of Bankers meeting of people in charge of mortgages. During the meeting, each banking institution explained its problems and how it plans to resolve them.

The sources stated that at that meeting some banks said they would reward clients who pay on time by lowering the market interest rates or allowing them to pay during the first half of the year.

"What will happen, as was seen during the meeting, is that most banks will drop the additional payments, a key factor in overdue portfolios. Additional payments are those that exceed 12 in one year."

Other banks decided to keep from hurting clients by temporarily dropping the "spread" or rate adjustment factor, primarily on loans that follow the traditional plan; that is, those that pay monthly interest plus a little principle and for which there is no refinancing.

"With interest rates as high as they are today, nobody can pay off a mortgage, if one takes that 'spread' into consideration, which is why dropping it benefits clients a great deal," they stated.

They added that the solution for this kind of loan, which is a minority in this portfolio, is to transfer them to a

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refinancing plan. This helps the client but harms banks, since they no longer receive the same cash flow and there is a major impact on taxes.

"You take away the 'spread' from those loans that have refinancing terms already so the clients' debts do not increase.

Banks that used to have several mortgage plans will temporarily have just one.

Most financial institutions are prepared to renegotiate their debts with customers if necessary or adjust their plans to the specific needs of each client.

"The purpose is to protect clients and bankers as much as possible," they affirmed. They added that any customer who has made his payments on time and wants to negotiate his situation can go to his bank for a review of the situation. Most cases are satisfactorily resolved.

Zedillo Urges Parties To Put Aside Short-Term Interests

PA2201035195 Mexico City EL FINANCIERO in Spanish 20 Jan 95 p 34

[Report by Rebeca Lizarraga R. and Manuel Moreno D.]

[FBIS Translated Text] President Ernesto Zedillo Ponce de Leon has called on political parties to put aside certain short-term interests, because, he said, the democratic future of Mexico is at stake.

President Zedillo, who met yesterday with the PAN [National Action Party] leadership headed by Carlos Castillo Peraza to exchange views on the country's situation, urged the many political forces to take decisive steps toward the construction of Mexican democracy.

To this end he explained that in light of the existing economic emergency, we must take clear steps toward strengthening democracy in our country, "because Mexico will not be able to take the good path toward economic progress unless it also takes the good path toward political progress."

During the meeting, which was attended by the coordinators of the PAN blocs in the legislative bodies, Government Secretary Esteban Moctezuma, and the PAN CEN [National Executive Committee], Zedillo warned: "I will not give in to any pressure whatsoever demanding authoritarianism." To this end, he committed himself to work without resorting to populism and demagoguery and to "tell people the magnitude of the problem and the scope of the efforts."

During the two-hour meeting, held in the Vicente Guerrero Room of Los Pinos, the PAN members presented President Zedillo with a document entitled "1995: The Year of the Political Trial of the PRI [Institutional Revolutionary Party] Government," which demands reliable information on the causes that triggered the crisis and instructs all PAN legislators to summon those responsible for the crisis and prosecute them in court.

In the economic field, the head of state said that because of the emergency Mexico is facing and the transformation of its debt, we cannot allow the negotiations that are about to take place to undermine our national sovereignty.

He explained that as president, his duty is to face the situation, and that is why he sent Congress a proposal to amend Article 2 of the Federal Income Law and requesting authorization to refinance the debt.

The chief of the executive branch pointed out that with this initiative, short-term capital, which is a threat to our financial system in view of the much cheaper, long-term capital, would be adjusted.

He said that the Mexican bonds issued with the guarantee of the U.S. Government assure foreign investors that their money is safe in Mexico, thus acting as a substitute for short-term liabilities, which threaten the country's financial stability.

While Zedillo pointed out that a guarantee operation for Mexico is being carried out, he expressed his trust that once the economic emergency is overcome it will translate into a dynamic economy that will generate jobs and result in more exports than imports.

In the political arena, he called on the parties to desist from "certain" short-term "interests," because the country's democratic future is at stake. He urged the many political forces to take decisive steps toward the construction of Mexican democracy.

Ernesto Zedillo also favored a strengthening of the National Political Agreement so we can "resolve electoral aspects, establish a balance among the powers of the union, and forge a new federalism."

The president expressed his trust to PAN members that by holding dialogues and emphasizing agreements, we will find routes of understanding to ensure that the nation's higher interests will prevail in our decisions.

He pointed to the significance of stabilizing the financial markets and the need to regain the foreign investors' trust in our country by "making them understand that their capital is safe in Mexico, that our country has good economic prospects, and that we have a sound economic structure that has been reorganized in the last few years."

In his speech to the PAN members, President Zedillo also said that we had better absorb the costs of devaluation now, adjust ourselves to the circumstances, and subject ourselves to an intense yet brief adjustment process that will allow us to have new expectations for the Mexican economy within the next few months.

Carlos Castillo Peraza, president of the PAN CEN, also stressed the need to prioritize political dialogue as an instrument for resolving controversies and the need to

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strengthen the municipal structure within the framework of our federalism. He is convinced that there cannot be a healthy economy without democratic policies.

In addition, he demonstrated the PAN's resolve to fully participate in the national talks that will allow us, among other things, to draft the state reform; balance powers; improve the laws, institutions, and electoral practices; and meet Mexicans' basic material needs.

At a separate occasion, the PAN held its traditional news conference. PAN Secretary General Felipe Calderon Hinojosa, who also attended the meeting with Zedillo, said the president committed himself to respect Congress' decisions on the renegotiation of debt titles, particularly on matters pertaining to Article 2 of the Income Law.

Bankers Association Statement on Economic Crisis Commitments

PA2201204195 Mexico City LA JORNADA in Spanish 20 Jan 95 p 15

[Statement issued by the Mexican Association of Bankers in Mexico City—published as a paid advertisement]

[FBIS Translated Text] To the Public:

On 12 January, during its participation in the meeting of the Agreement of Unity To Overcome the Economic Emergency, the Mexican Association of Bankers reiterated the banking industry's determination to firmly support its clientele.

Financial variables, such as exchange rates and interest rates, are coming under pressure that increases the risk and cost of operations. In this regard, the banks are acting as intermediaries and do not determine interest rates and, subsequently, the cost of money.

The economic crisis, which we consider temporary, demands the determination of all Mexicans, and for this reason the banking industry makes the following commitments:

1. **To reduce as much as possible mediation by banks in interest rate policy to the extent that monetary conditions allow.**

2. **To continue the vigorous program to restructure loans in response to the needs of clients based on their capacity to pay.**

The banking industry has shown its ability to face other adverse situations and to offer solutions. This was the case of the more than 168,000 loans restructured in 1994—a year we all believe to have been difficult and complex. These loans were worth nearly 45 billion new pesos.

We are convinced that the current crisis is temporary and we believe that markets are tending to become more stable, featuring better prospects within the framework of greater order and confidence. We are offering a variety of solutions that are unique to each institution and individual.

We are supporting all viable businesses, giving special recognition to those clients who have punctually met their obligations.

Our goal is to cooperate with all sectors—industry, agriculture, trade, and others—as well as with individuals, to provide a full range of banking services.

[Signed] MEXICAN ASSOCIATION OF BANKERS

President Urges Political Forces To Promote Democracy

PA2201155395 Paris AFP in Spanish 2218 GMT 21 Jan 95

[FBIS Translated Text] Mexico, 21 Jan (AFP)—Mexican President Ernesto Zedillo today urged the country's political forces to move forward in promoting democracy "in a manner that will provide political stability and certainty" for the country.

During a private meeting with the leadership of the conservative National Action Party (PAN)—the second meeting of this kind this week—Zedillo said, "democracy is fundamental, because economic progress is unthinkable if there is no substantial political progress," according to a presidential communique.

On Wednesday, Zedillo oversaw the signing of a historical agreement between the four main political parties in which they agreed to promote democracy and resolve postelection controversies.

Friday night, one of the signatories, the left-of-center Party of the Democratic Revolution (PRD), the country's third-largest political force, threatened to withdraw from the National Political Agreement if no prompt resolution is found to the postelection dispute in the state of Tabasco. The PRD is challenging the election victory of Tabasco Governor Roberto Mardazo, a member of the ruling Institutional Revolutionary party (PRI), and is also demanding his resignation.

In light of rumors about negotiations taking place in Mexico City related to the governor's resignation, PRI supporters in Tabasco protested against "impositions from the central office." As part of their protests, the PRI supporters blocked highways, shut down businesses, and clashed with PRD sympathizers who were blocking access to the government offices in this oil-rich state.

Zedillo called on the political forces to "move forward rapidly, despite the economic emergency, in those areas that will provide political stability for our country."

Zedillo Makes Pledge to Oaxaca Indians To Uphold Rights

PA2101224995 Mexico City XEW Television Network in Spanish 0430 GMT 21 Jan 95

[From the "24 Hours" newscast]

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[FBIS Translated Text] The Mexican president today visited representatives of the Indian community in Oaxaca and reiterated his campaign commitments. During his first working tour of Oaxaca State, President Ernesto Zedillo pledged before Mexican Indians, the poorest of the poor, that he would put into practice the words of our Constitution:

[Begin Zedillo recording] Today it would seem there is one democracy for most Mexicans and a very different, unsatisfactory, and unjust democracy for our Indian brothers. We cannot allow that.

In Mexico, there are no first or second class citizens. In Mexico, we are all Mexicans, and the political rights of the Indian peoples must be upheld. [applause] [end recording])

The president announced that his administration will earmark 30 million new pesos for regional Indian funds in Oaxaca. He said he will enforce the Indians' rights to education, health, communications, dignified housing, and respect for their customs. The president spoke in Jamiltepec before the Indian councils which live in the 570 municipalities of that state. According to (Chinanteco) leader Vicente Lucas Lara, said municipalities rejected the use of violence to resolve conflicts.

Mr. Zedillo arrived in Puerto Escondido this morning. Accompanied by Governor Teodoro Carrasco Altamirano, he inaugurated a regional hospital that will serve approximately 100,000 Indians of the Pinotepa Nacional coastal region.

After shaking hands with Oaxaca Indians, Ernesto Zedillo flew to the state capital, where he signed a social development agreement with the local government. He also supervised projects to renovate the former Convent of Santo Domingo de Guzman. He returned to the capital that evening.

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Honduras

Paz Implicates Officials, U.S. Embassy in Plot Against Him

PA2301193095 Hamburg DPA in Spanish 1740 GMT 23 Jan 95

[FBIS Translated Text] Tegucigalpa, 23 Jan (DPA)—Honduran Foreign Minister Ernesto Paz Aguilar said today that officials in the Honduran Government and several members of the U.S. Embassy in Tegucigalpa are orchestrating a campaign to end his political and diplomatic career .

Paz Aguilar made these statements to Tegucigalpa's HRN radio in reference to the scandal which followed the discovery of the forgery of President Carlos Roberto Reina's signature in illegal actions to sell official passports to people for illegal entry into the United States.

Marielos Paz, the foreign minister's sister, was implicated as one of the leaders of the trafficking gang. Marielos was investigated by a justice court and sent to a prison for women.

Suyapa Paz, another of the foreign minister's sisters, was also implicated in these actions. Suyapa is the Honduran consul to Puerto Rico.

According to reports by the local press, Suyapa used her consular position to act as a bridge in the trafficking of illegal aliens from Tegucigalpa to San Juan, Puerto Rico, and from there to any U.S. city.

Paz Aguilar said that although he has supported the government's actions to punish those responsible for this crime with the full weight of the law, there are people who seek to end his political and diplomatic career.

"In the 1980's they wanted to conquer me physically, now they seek to eliminate me politically," Paz Aguilar remarked.

Paz Aguilar added that within the presidential house per se, there are officials who seek his resignation. He said, however: "I will not give them that satisfaction. I will not resign because I have acted in accordance with the law."

He said he will submit to President Reina the names of those officials who are responsible for the campaign against him, along with the "mid-level" personnel at the U.S. Embassy.

"I am very angry about this situation. I am also convinced there is a campaign against me, but I will stand firm and will keep fighting. I want to warn my enemies that I have been through more difficult situations."

According to Paz Aguilar, the situation stems from his political aspirations within the ruling Liberal Party. Unfortunately, my enemies are in my own party, and I am only asking them to fight face to face," he concluded [no opening quotation marks as published].

Panama

Foreign Minister Forsees No 'Major Difficulties' in Rafters Escape

PA2401020895 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Jan 95

[Report by Luis Alberto Jimenez; from the "RPC Television News" Newscast]

[FBIS Translated Text] About seven of the 14 Cuban rafters who managed to escape over the weekend from Camp No. 3 at Empire Range, have been recaptured. It is reported that the situation is tense and becoming more complicated after the announcement of their return to Guantanamo. Foreign Minister Gabriel Lewis Galindo, however, does not forsee major difficulties in this operation:

[Begin Lewis Galindo recording] The escape of five or six from a population of 7,500 does not constitute a major problem. [end recording]

The foreign minister recalled that an agreement between Panama and the United States will expire on 6 March and the Cubans will have to leave the national territory. He added that Panama is not closing its doors to those who may stay as refugees:

[Begin Lewis Galindo recording] The Panamanian Foreign Ministry has nothing to do with that. Any Cuban citizen, a citizen of any nationality, who fulfills the necessary immigration requisites, will (?gain) a permanent status. [end recording]

The escape of 14 Cuban rafters is compounded by suicide attempts at the camps. Security is being maintained, and the transfer operation to Guantanamo is already under way. Foreign Minister Lewis Galindo also commented on an agreement that they plan to sign with the United States to fight car thefts and to classify it as a crime related to money laundering.

Human Rights Official Claims Rafters 'Brutally Beaten'

PA2401020795 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Jan 95

[Report by Mara Rivera; from the "RPC Television News" newscast]

[FBIS Translated Excerpt] Authorities of the U.S. Southern Command's Operation Safe Haven have denied that the rights of Cuban rafters have been violated within the camps. A number of measures were adopted after disturbances in the refugee camps in December including the limiting of visits, locking up instigators, and searching them for any kinds of weapons.

Sources close to the refugees, however, told RPC that retaliatory measures went way beyond this and included

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the suspension of telephone calls and a ban on receipts of anything from outside the camps, among other privileges. In fact, there is even talk about a beating in one of the camps at 0400 hours [date not given] perpetrated by hooded persons, who hit men and women with sticks. A complaint was filed with the Panamanian Human Rights Committee [CPDH], and this organization has reported it:

[Begin CPDH President Osvaldo Velasquez recording, identified by caption] We have pictures of persons who suffered hematomas, fractures, and some of them on crutches were brutally beaten. When we asked why this was done we were told it was done to search for makeshift weapons. I asked them: You, as professional soldiers, had to beat up persons who were asleep to seize makeshift weapons? We received no answer. [end recording]

Dr. Velasquez stated that these pictures are only of a few of those who were injured on that day. [passage omitted on statement by Operation Safe Haven officer]

The CPDH president said that Panama is currently under the watchful eye of all nations, because it is openly violating international rules on the treatment of refugees, for example, the Geneva Treaty. He added that Panama could be punished should these charges be fully confirmed, and this is not at all a difficult task.

Column Criticizes U.S. Policy on Rafters

PA2301210195 Panama City EL PANAMA AMERICA in Spanish 23 Jan 95 p 1A

[From the "Panama's Pulse" column]

[FBIS Translated Text] RAFTERS. In the past few days, 12 Cubans have escaped from the camps set up by the United States on the banks of the Canal, including one who was recaptured last Thursday [19 January] by Panamanian police. As everyone predicted from the beginning, except for supporters of the government, the refugees have also become a problem for us.

GUANTANAMO. Our Public Forces have had to devote their limited personnel to help our neighbors who seem unable to control the situation, despite the number of reinforcements brought in. Even at Guantanamo there have been dozens of escapes by Cubans who, in their desperation, defy mine fields to return to the land of Castro.

UNITED STATES. It is inconceivable that one of the parties causing the problem now seems not to have any better solution than sending the refugees back to Cuba. North America must reinstate those immigration privileges under which it promoted the departure of the Cubans; privileges it is now denying. This must be done promptly, considering that the whole world disagrees with the blockade and other anachronisms.

Clinton Criticized on Cuban Rafters Policy

PA2301175295 Panama City EL SIGLO in Spanish 23 Jan 95 p 4

[From the "Burned at the Stake" column]

[FBIS Translated Text] The escape of five Cuban rafters from the camp in which they were being held, a place they were sent following an attempt to gain liberty, was encouraged by basic principles upheld by all human beings—principles which, by the way, are accorded to them by the U.S. Constitution and international conventions on human rights and refugees. The Panamanian people cannot approve any persecution that results from contradictions within U.S. policy, which is now on a dead-end street. Therefore, we now tie President Clinton—the person responsible for this policy—to the stake so that he burns his rear end.

Canal Transition Commission Meets To Draft New Laws

PA2401035695 Panama City Telemetro Television Network in Spanish 1730 GMT 23 Jan 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares has convened the members of the Transition Commission for the transfer of the Panama Canal to discuss plans for the drafting of laws needed before the year 2000, when the waterway will be turned over to Panama.

[Begin Transition Commission member Jorge Ritter recording] The Panama Canal is a nonprofit U.S. Government agency, which means there are a series of laws in the United States that do not necessarily apply to Panama, especially because we cannot view the canal as an agency to benefit the world without Panama getting something out of it. [end recording]

The commission is made up of nine persons, including the members of the board of directors of the Transition Commission, Emanuel Gonzalez Revilla, Moises Mizrachi, Roy Cardoze, and Jorge Ritter, in addition to three advisers and other members.

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Argentina

Iranian Embassy Communique Condemns U.S. Ambassador

PY2401025195 Buenos Aires CLARIN in Spanish 22 Jan 95 p 15

[FBIS Translated Text] The embassy of the Islamic Republic of Iran in Argentina has released a communique in which it "rejects the very irresponsible and lamentable assertions about Iran by the U.S. ambassador. The embassy thus condemned the remarks made by James Cheek, who connected Iran with the attack against the AMIA [Argentine-Israeli Mutual Association] headquarters.

Cheek met with Interior Minister Carlos Corach on 18 January and during the meeting he offered U.S. cooperation to combat terrorism.

The communique, which is signed by the Media Department of the embassy, states that "for us, and probably for the Argentine people, it is not strange that Mr. J. Cheek and his Israeli colleague are systematically trying to divert the course of the investigation of the attack by planting the name of Iran after the attack against the AMIA (which has been condemned by Iran)."

The communique explains that "the Argentine people recall very well that after the attack against the AMIA, the aforementioned ambassadors (who apparently have no knowledge about the sphere of their diplomatic functions) proposed and insistently supported a rupture of the relations between Argentina and Iran."

The Iranian note states that "it is obvious that the attempts of the two [ambassadors] were never directed toward the identification of those who were responsible for this mysterious attack." According to the embassy, "in order to crystallize their peace process in the Middle East, which has currently become stagnated for several reasons, such as the refusal of the Israeli regime to sign the Nuclear Nonproliferation Treaty, the continued occupation of the Golan Heights, and the bombing of southern Lebanon, etc., the United States and Israel needed a serious crisis. Thus, the attack against the AMIA and the irrational and unfounded condemnation of Iran was the best argument for those gentlemen."

The communique concludes by saying that "lamentably, if it had not been for the intervention and polemics that have been unleashed by these two countries and their diplomats in Argentina, the Argentine courts would have already been successful in the identification of the 'true clues' regarding this attack."

The Argentine courts are investigating what has come to be known as the "Iranian clue," which was given by the repentant Manuchehr Motamer, who indicated that former officials of the Iranian Embassy in Buenos Aires were the possible brains behind the attack in which the Israel Embassy was blown up in March 1992.

Canadian Prime Minister Arrives; To Meet Menem

PY2301225995 Buenos Aires TELAM in Spanish 1910 GMT 22 Jan 95

[FBIS Translated Text] Buenos Aires, 21 Jan (TELAM)--On 23 January President Carlos Menem will receive Canadian Prime Minister Jean Chretien at Government House. Chretien began a four-day visit to the country today.

This will be the first time a Canadian prime minister has visited Argentina. The trip takes place within the framework of a tour through Brazil, Chile, Uruguay, Trinidad and Tobago, and Costa Rica, seeking to strengthen Canadian presence in the region.

Chretien arrived at the Ezeiza International Airport at 0025. The Canadian Embassy announced that Chretien will have a protocol meeting with Argentine President Carlos Menem at 1200 on 23 January.

It was also reported that the Canadian head of government will not carry out any official activities during the weekend.

Chretien arrived in the country accompanied by International Trade Minister Roy MacLaren; Christine Stewart, secretary for Latin America and Africa; and 150 entrepreneurs.

Chretien's official activities will start at 1120 on 23 January. At that time the prime minister will lay a flower wreath at General Jose de San Martin's monument, located in San Martin Square in this city.

Shortly afterward, Chretien will receive the greetings of Argentine Government officials diplomatic corps [as received] at Government House's White Hall.

Chretien will meet with Menem at his Government House offices at 1200. The two officials will discuss the possibility of Mercosur [Common Market of the South] and NAFTA joining a single free trade zone in the future.

At 1300 the visiting dignitary will have lunch with members of the Argentine-Canadian business community at the Sheraton Hotel's Libertador Hall. Here, at 1530, officials will sign commercial agreements totaling more than $135 million.

At 1900, Chretien will be greeted by the diplomatic corps during a ceremony at San Martin Palace's Golden Hall. At 2000 the Canadian prime minister will participate in a reception organized by President Menem in his honor at the Olivos residence.

On 24 January, at 1020, Chretien will make a protocol visit to Buenos Aires Mayor Jorge Dominguez.

Chretien and Menem will have another working meeting at Government House at 1100. Later the two heads of state will sign a number of bilateral agreements at Government House's White Hall.

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At 1200 the Canadian prime minister will hold a news conference at Government House. Later he will host a reception at the Alvear Palace Hotel. He is scheduled to depart from the Ezeiza International Airport at 1800.

Chretien, Menem Discuss Free Trade

PY2301234195 Buenos Aires TELAM in Spanish 1903 GMT 23 Jan 95

[FBIS Translated Text] Buenos Aires, 23 Jan (TELAM)—Canadian Prime Minister Jean Chretien today met with President Carlos Menem and proposed to him the initiation of high-level talks between Mercosur [Common Market of the South] and NAFTA representatives, seeking integration of the two blocks.

"I proposed to President Menem that NAFTA and Mercosur member countries, together with the OAS, analyze ways to integrate both agreements," the Canadian premier said after meeting with Menem at noon today.

Chretien, the first Canadian head of state to visit Argentina, also called on local entrepreneurs to view Canada as a gateway to NAFTA, promising to urge his country's entrepreneurs to look at Mercosur in a similar way.

The Canadian premier spoke today before 500 Argentine and Canadian entrepreneurs who shared a luncheon with him at the Sheraton Hotel in this city following his earlier meeting with President Menem.

The meeting was attended by Economy Minister Domingo Cavallo, who, minutes before the beginning of the luncheon, spoke to the numerous Canadian business delegation members, painting a picture of Argentina's economic situation and placing emphasis on foreign exchange stability.

The meeting was also attended by Foreign Minister Guido Di Tella and Defense Minister Oscar Camilion.

Chretien said Canada values the recent Summit of the Americas in Miami, adding that his country will not only follow the summit's recommendations, but develop direct links with Latin America.

The prime minister said the Canadian Export Development Corporation had already opened three lines of medium- and long-term credit to Argentina and today it will announce the opening of three additional lines of credit.

Chretien said Canadian exports and contracts with Argentina tripled in the past three years.

The prime minister also said that Canada applauds Mercosur member countries' decision "to join other regions in order to eliminate trade barriers."

Chretien said his country supports free trade. "The increase in commercial activity and investments encourages economic growth and creates more prosperity," the prime minister said.

"Without this prosperity, democracy will continue to be fragile," Chretien said.

The Canadian head of government said that Canada developed rapidly because "it opened its doors to foreign technologies," and invited Argentine companies to invest and do business in his country.

"Similarly, Argentina deregulated its economy through its impressive privatization program and is attracting the best technologies," Chretien said.

The prime minister stressed that while Canadian direct investments in Argentina were insignificant five years ago, today they exceed $1 billion Canadian dollars.

Congress Ratifies Nuclear Nonproliferation Treaty

PY2401103495 Buenos Aires TELAM in Spanish 1957 GMT 21 Jan 95

[FBIS Translated Text] It has been officially reported that the executive branch has promulgated Law 24448, through which Argentina ratifies the Nuclear Nonproliferation Treaty [NPT].

The official gazette notes that Bill 24448 was approved by the national Congress on 23 December 1994.

Implementation of the NPT began in 1968. It represents an effort on the part of the international community "to stop the nuclear weapons' race" and to encourage the implementation of effective measures aimed at achieving nuclear disarmament.

A state possessing nuclear weapons, upon becoming a signatory of the NPT, is committed "not to transfer nuclear arms or devices to any state" and "not to purchase or manufacture" nuclear weapons.

NPT signatory countries implement a safeguard system that is coordinated by the International Atomic Energy Agency (IAEA).

"Nothing mentioned in the treaty will be interpreted as affecting the inalienable right of each party to work on research, production, and use of nuclear energy for peaceful purposes," Article Four states.

The law points out that each party "has the right to participate in the broadest possible exchange of scientific information aimed at furthering the use of nuclear energy for peaceful purposes."

Local, Brazilian Armed Forces Discuss Joint Security

PY2401011995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1045 GMT 21 Jan 95

[FBIS Translated Text] Buenos Aires, 21 Jan (NA)—Defense Minister Oscar Camilion has admitted "there were some talks" between Argentine and Brazilian Armed Forces General Staff officials to create a joint

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security organization within Mercosur's [Common Market of the South] framework.

Camilion made this remark at the end of a meeting at the Defense Ministry with Brazilian Foreign Minister Luiz Palmeira Lampreia and Brazilian Ambassador to Argentina Marcos Castrioto de Azambuja.

The minister said that one of the main issues the officials analyzed during the meeting was the topic of "Argentine-Brazilian maneuvers, which have extended their field of action lately."

Camilion stressed the "excellent relations between both countries' Armed Forces," and recalled that Brazil allowed an Argentine plane "to land on a Brazilian aircraft carrier" twice.

Camilion added: "Besides, we will implement the 'Fraternal Operation' between our Armed Forces and we will exchange research visits, technological information, and mission reports."

With respect to the creation of a bilateral security organization within the framework of Mercosur, Camilion said: "There has been some discussion at the level of the General Staffs," adding, however, that such talks "are at a very preliminary stage."

Foreign Minister Lampreia expressed the same optimism when referring to the results of the meeting with Camilion. He said that, among other things, the two officials analyzed "the incorporation and inclusion of both countries' Armed Forces in today's international reality."

Lampreia also stressed that the situation along the two countries' borders is "very calm," adding that "there are no problems and efficiency is very good in terms of security matters."

The Brazilian foreign minister, who concluded the second day of his visit to the country yesterday, stressed that the alarm with regard to terrorist movements in the "three-border area," where Argentina, Brazil, and Paraguay meet, reflects Argentine "problems."

"I am sure it is an Argentine problem. It concerns the security organizations, which are trying to maintain permanent control and seeking to exchange information about the region," Lampreia concluded.

Stock Market Suffers Decline, With Small Volume

PY2301222095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1957 GMT 23 Jan 95

[FBIS Translated Excerpt] Buenos Aires, 23 Jan (NA)—The leading shares of the stock market today suffered an average decline of 3.12 percent during a day that was characterized by a volume of only 16 million pesos, one of the lowest for some time now.

The operators continue to observe the evolution of the Mexican crisis, which will depend largely on the guarantees the U.S. Government will give relative to the $40 billion Mexico needs.

The main Latin American stock markets are closing with declines, and this phenomenon follows the declines that have occurred in European and Asian stock markets.

Within this framework, the overall index closed with a decline of 2.78 percent, and during operations four shares suffered declines, 38 declines [as received], and five shares were unchanged.

The Merval Index closed at 423.08 points. [passage omitted]

Brazil

Consultations With Argentina on Economy Planned

PY2301213095 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Jan 95 Section 2 p 8

[Article by Sonia Mossri from Buenos Aires]

[FBIS Translated Text] Francisco Lopes, director of the Economic Planning Department of the Brazilian Central Bank, today will start permanent consultations with the Argentine Government to analyze the stabilization plans in the two countries.

Lopes will tell Argentine Economy Minister Domingo Cavallo that the real will not be devalued because of the Mexican crisis.

After meeting with President Carlos Menem, Foreign Minister Luiz Felipe Lampreia said yesterday that Brazill and Argentina will have frequent conversations on economic policy in order to avoid "surprises."

Lampreia and Menem talked about the effects of the Mexican peso devaluation on Brazilian and Argentine economic policies.

Despite Cavallo's official statements of confidence in the continuation of the Brazilian exchange policy, there is apprehension about the devaluation of the real with respect to the U.S. dollar.

In practice, a possible devaluation of the real could affect the Cavallo Plan even further. With an $11 billion balance of payments deficit, the Argentine Government expects to increase exports to Brazil.

A devaluation of the real would make Argentine products more expensive in Brazil.

"Doing the same thing is not the most important factor, but rather to have a clear idea of what we are doing, and to follow a clear path in order to avoid surprises," Lampreia said.

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The Brazilian foreign minister told FOLHA that Lopes "came to tell Cavallo about how the economic team views the situation in Brazil and what it intends to do."

Lampreia was welcomed with the honors corresponding to the rank of a president, something that surprised Brazilian diplomats. Lampreia met with Menem and with Minister Cavallo.

After having lunch with Argentine Foreign Minister Guido Di Tella, Lampreia said that the foreign ministers of Mercosur [Common Market of the South] countries will start negotiating integration with the European Union in March in Paris, France.

Cardoso, Alencar Extend End of Operation Rio

PY2301224895 Rio de Janeiro O GLOBO in Portuguese 21 Jan 95 p 16

[FBIS Translated Excerpt] On the afternoon of 20 January, at Laranjeiras Palace, President Fernando Henrique Cardoso and Governor Marcello Alencar signed a document extending the deadline for the enforcement of anticrime operations agreed upon between the Rio de Janeiro state government and the Armed Forces until 3 March. Also present at the signing ceremony were General Edson Alves Mey, head of the Military Command of the East; Rear Admiral Paulo Augusto Garcia Dumont, commander of the First Naval District; and Air- Brigadier-Major Antonio da Silva Gomes, Jr., commander of the Third Regional Air Command. The last accord, which was signed on 3 January, would only continue in force until the end of January.

Governor Marcello Alencar said: Until March, Operation Rio will continue exactly as it is now. [passage omitted]

Rio Drug Trafficker Dies in Shootout With Police

PY2301130695 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 23 Jan 95

[FBIS Translated Text] Drug trafficker Flavio Pires da Silva, aka Flavio Negao, was buried yesterday in the city of Rio de Janeiro. Flavio Negao, who controlled the drug trade in the Vigario Geral slum, was shot six times in a shootout with police early on 21 January. He was white, short, and skinny. Flavio Negao will be replaced by Ricardo, one of his closest lieutenants.

Flavio Negao's standing in the Rio de Janeiro drug trafficking structure can be measured by the 40 wreaths sent to his funeral by slum residents and by traffickers serving time at the Bangu-1 prison.

According to sources from the Federal Police Drug Enforcement Division, after Ernaldo Pinto Medeiros—aka Ue, who controls the drug trade in the Adeus hill slum in Bonsucesso—Flavio Negao was the trafficker obtaining most profits from drugs.

Minister Unveils Plans for New Fighter Plane

PY2301161295 Sao Paulo AGENCIA ESTADO in Portuguese 1540 GMT 23 Jan 95

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 21 Jan (AE)—Commenting on the priorities of his administration, Aeronautics Minister Mauro Jose Miranda Gandra has announced that the Brazilian Air Force (FAB) had placed an order with Embraer [Brazilian Aeronautics Company] for a new light attack plane, the ALX, which will replace the Xavante. The ALX is expected to go into operation in the year 2002. Each ALX plane will cost nearly $4 million.

Among the FAB's priorities, the minister mentioned the need to complete the AMX fighter project, which is being manufactured in partnership by Brazil and Italy. He also announced the modernization of the F-5 fighter planes and the delivery of the first experimental lot of air-to-air Piranha missiles by the end of 1996.

Enthusiastic about the new project, Miranda Gandra announced that Embraer will start working on the ALX prototype this year. It will take at least 18 months for the prototype to be ready. The Aeronautics Ministry will order 100 planes.

The minister said that the ALX model will be based on the Super Tucano, which is now being offered to the United States through a bid. The ALX will have a more powerful engine and a tougher structure than the Super Tucano. He said that, like the AMX, the ALX project is expected to be completed in six or seven years.

Miranda Gandra noted that the difference between the Super Tucano and the ALX is that the former has been specifically designed for training, while the latter will be used for military operations. The new plane will be used in the future to patrol the Brazilian borders, primarily in the Amazon region, assisting in the Sivam (Amazon Region Surveillance System) project. He said: "The plane will be used to fight crimes that are commonplace in the Amazon region." He added that until the ALX project is completed, the surveillance task to help in drug enforcement operations will be performed by the FAB with its Tucano planes.

The minister announced that the "top priority" for the FAB is to carry the AMX project as far as possible and, if possible, to complete it. To this end the FAB will need approximately $345 million, including loans and budgeted resources. With these resources, the government will complete the third stage of the AMX project, which should be concluded in three or four years.

Miranda Gandra described the AMX project as the "backbone of the FAB." He said the AMX is a modern aircraft, equipped with a highly precise firing device. He said the Americans were "surprised" and "impressed" with the performance of the plane. He only expressed

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disappointment with the orders received for the AMX, placed only by the Brazilian and Italian Air Forces, which are buying a total of 220 planes. He said that the ideal thing would be to sell at least 500 planes.

New Opposition Style, Relations With Government Viewed

PY2401001295 Rio de Janeiro O GLOBO in Portuguese 22 Jan 95 p 8

[FBIS Translated Text] Brasilia—On several occasions last week, PT [Workers Party] and PDT [Democratic Labor Party] lawmakers were the best allies of President Fernando Henrique Cardoso in Congress. Even though they formally belong to the opposition, it was PT and PDT lawmakers who wanted to approve Provisional Measure 812 increasing the income tax paid by enterprises. Government allies from the PFL [Liberal Front Party], PTB [Brazilian Labor Party], PP (Popular Party], PMDB [Brazilian Democratic Movement Party], and even from the PSDB [Brazilian Social Democracy Party], adopted a position of indifference until Planalto Palace put them on the right course. This situation, which should reoccur many times during the Fernando Henrique Cardoso administration, reflects something new in Brazilian political life: There is not only a new government, but a new opposition style.

The opposition lawmaker of old who would vote against just about anything, because he was concerned only about making his position clear, no longer exists, or at least he is isolated in his party. Opposition leaders now frequently meet with the main ministers. It would not be an exaggeration to say that not only with some ministers, but, whenever they need it, they can have direct access to President Cardoso himself. There has been no other example in recent Brazilian political history of such an open channel between the government and the opposition.

Says PT Deputy for Sao Paulo Jose Genoino, one of the leaders who shares this new mentality in Congress: "Today there is a new concept of power, which is power in the opposition. The factor that makes governments move forward is the opposition."

Along with PPS [Popular Socialist Party] Senator-elect for Pernambuco Roberto Freire and PDT Deputy for Rio de Janeiro Miro Teixeira, Genoino is working on new ways to conduct relations with the government. They will be the leaders of the opposition in Congress, or, as Miro puts it, the opposition with objectives.

Says Teixeira: "The opposition has for decades been a passive agent in the political process. The government has always been the active agent. I do not want to repeat this unsuccessful formula. We must design alternative solutions and targets, and strive to attain them, in a procedure that is quite compatible with our determination to function as the opposition."

Miro believes that the government, for example, has a wrong approach to Social Security reform, but says he would like to discuss proposals. The same thing happens in the fiscal policy area: The PDT wants to exhaust the possibilities for increasing revenues before starting to cut expenditures.

"This government is made up predominantly of people of good faith, who have followed a democratic course. I believe it is possible to hold discussions with them, and for them to reconsider a position if they are convinced that they are wrong," Miro says.

Freire, who did not like Fernando Henrique Cardoso's farewell speech to the Senate, praised the president's inaugural speech:

"At the Senate, he delivered a liberal speech. At the inauguration, however, he made a truly social-democratic statement. We will be very pleased to talk with the Fernando Henrique Cardoso who spoke at the inauguration."

Former Minister Assumes Responsibility for Surplus 'Error'

PY2401013895 Sao Paulo AGENCIA ESTADO in Portuguese 1539 GMT 22 Jan 95

[By Ricardo Amaral]

[FBIS Translated Text] Brasilia, 22 Jan (AE)—Former Finance Minister Ciro Gomes today claimed responsibility for camouflaging a 447 million real [R] surplus in the November 1994 national treasury accounts. "I did this to prevent expenditures' pressure," Gomes said in justification. According to the former minister, who is studying at Harvard University in the United States, former President Itamar Franco was also aware of the operation. Defending the maneuver, Gomes said over the phone: "I believe that once again I have saved the fatherland." Deputy Paulo Bernardo (Workers Party - Parana State) will present, still this week, a requirement to the Finance Ministry, asking for information about the issue.

The R447 million—part of the surplus that, according to former Finance Minister Gomes, totaled R800 million in December—remained in the Finance Ministry's accounts from 30 November to 1 December. Gomes said that the money was transferred as a credit advancement to pay for the ministry's expenditures. The Integrated Financial Management System (Siafi) only registers the transferrence without the corresponding request. Gomes said: "Murilo Portugal (the then national treasury secretary) informed me of the entire operation and I authorized it."

Gomes asserts that nothing illegal has been done and points out that the money was returned the day after the deposit was made. "During the four months I headed the ministry, there were top levels of tax collection surpluses, and what we did was simply to defend the treasury from

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expenditures pressure, which ended up by occurring the following month," Gomes said. He asserted that the 30 November operation was the only such operation during his days at the Finance Ministry. "It was simply an accounting operation that caused no losses; rather, quite the contrary."

Deputy Bernardo asserts, however, that this sort of operation "destroys credibility in public accounts and must be investigated." Gomes does not accept criticism in this regard. There was a touch of irony in what the former minister said over the phone from his home in Boston, the United States: "I would like very much to discuss the question of surpluses because good knowledge about the issue is required."

Chile

Government To Seek Revision of Laguna del Desierto Ruling

PY2301235995 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 23 Jan 95

[FBIS Translated Text] The Chilean Government will request the revision of the Laguna del Desierto arbitration ruling. Consequently, it has also requested the suspension of the border demarcation scheduled for February.

For several months, Chilean Foreign Ministry experts and legal advisers conducted a study on the adverse arbitration ruling. In view of this, the Foreign Ministry decided to request a revision of the ruling on the basis of Articles No. 39 and 40 of the arbitration agreement signed by Chile and Argentina.

Chilean Foreign Minister Jose Miguel Insulza today announced that Chile will resort to the only alternative to revise the ruling. Insulza, who explained that the Chilean appeal alludes to factual mistakes and misinterpretations, declined to give details about the arguments because, in his words, it may harm Chile's aspirations.

[Begin Insulza recording] Lastly, the Chilean Government has requested that the Arbitration Court suspend the demarcation proceedings and the implementation of the ruling while the appeal to be presented is under study. [end recording]

The appeal will be submitted by the same representatives assigned to defend the Chilean case before the Arbitration Court on the Laguna del Desierto dispute, ambassadors Eduardo Vio and Javier Illanes.

The president of the Arbitration Court will have to again summon its members to decide whether they agree to study the Chilean appeal.

Speaking about Chile's chances in this regard, Foreign Minister Insulza said:

[Begin Insulza recording] If I am submitting an appeal, it is because I believe there is some chance of success, otherwise, I would not submit it. [end recording]

Several Politicians Back Decision To Request Ruling Revision

PY2401023195 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 24 Jan 95

[Speakers identified by captions on screen]

[FBIS Translated Excerpt] The Chilean Government will request the revision of the Laguna del Desierto arbitration ruling. [passage omitted on previously filed material]

[Begin recording] [President Eduardo Frei] What we are doing is what we announced in the declaration we issued shortly after learning the content of the ruling, that is, that we were going to appeal to every resource provided by the Treaty of Peace and Friendship between Chile and Argentina to defend Chilean interests. This is what we are doing and, as I have stated, unfortunately we cannot disclose the details of our arguments because the issues we will raise before the court are classified.

[Unidentified reporter] Mr. President, don't you fear this may interfere in our relationship with Argentina?

[Frei] By no means. [end recording]

In the political field almost every sector backed the government's decision to request the revision of the Laguna del Desierto ruling. Only the Independent Democratic Union, UDI, voiced its opposition because it believes an annulling of the ruling should have been requested.

Legislators of the Coalition of Parties for Democracy [CPPD] went to the Foreign Ministry to voice their full support for the government's decision.

[Begin Christian Democratic Party leader Jorge Pizarro recording] We wish to recall our historic position, our opinion regarding the principles that inspired the 1902 ruling, and point out that the argument used by the arbitration court regarding the mentioned ruling is a specific issue that cannot be regarded as a precedent of any kind. [end recording]

Moreover, the viewpoints of the rightist Unity for Chile regarding President Frei's decision were contradictory.

[Begin recording] [Angela Vivanco, new Progressive Center Center Union president] Originally our feeling was that the government was going to remain impassive and not appeal to any resource or use any recourse, therefore, we believe that our desire that this ruling be reviewed is now being fulfilled.

[UDI Chairman Jovino Novoa] We are not satisfied. We believe a weak argument, which will be upheld by the same attorneys, is being brought before the same court,

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and are very surprised that we should once again learn about the Chilean Government's decision through Argentina.

[National Renewal Party Chairman Andres Allamand] I frankly believe this decision should have been taken earlier. I was very worried about the fact that the government seemed to be hesitant, but now that it has adopted the correct decision, I want to frankly say that this is the time to support the Chilean Government's decision. It is not a partisan issue; we are defending Chile's higher interests. [end recording]

Progressive Center-Center Union Elects New Leadership

PY2401103095

[FBIS Editorial Report] Santiago EL MERCURIO in Spanish on 7 January carries, on page C5, an unattributed 700-word article on the new leadership of the Progressive Center-Center Union [Union de Centro Centro Progresista-UCCP] which is the party of Senator Francisco Javier Errazuriz.

Senator Errazuriz announced yesterday that the UCCP General Council has elected Angela Vivanco as president and Carlos del Campo as secretary general. Jorge Concha, Enrique Schilling, Agustin Benapres, and Jorge Gomez were elected first, second, third, and fourth vice presidents, respectively. Jose Santelices was elected deputy secretary general and Roberto Valle treasurer. The Political Commission is headed by Hugo Fernandez and the Supreme Tribunal by Rodrigo Miranda. The General Council also decided that the UCCP will remain within the Union for Chile pact with the Independent Democratic Union and National Renewal.

Poll: Majority Dissatisfied With Current Political, Economic Situation

PY2401003895

[FBIS Editorial Report] Santiago LA TERCERA in Spanish on 5 January carries, on page 8, an approximately 600-word report by Leticia Soto on the poll conducted by the Participa Company that was disclosed yesterday.

The poll shows that of the 1,465 people questioned, 42.8 percent believe the country enjoys a stable and calm political and economic situation; 48.5 percent are dissatisfied with the system; and 69.9 percent believe Chilean democracy is weak, due to the Stange case and the change of cabinet for political reasons.

According to those responsible for the poll, the figures do not indicate a disappointment with democracy or a yearning for an authoritarian system.

The poll also reveals that in 1994, 29.4 percent compared to 25.8 percent in 1993, believe that those responsible for violating human rights have not been punished; that 25.8 percent compared to 29.4 percent believe the electoral system has not been modified; and that 21.4 percent compared to 32.5 percent in 1991 do not believe their personal situation has improved.

Among the problems democracy must tackle, 29.9 percent believe it should try and punish those responsible for violating human rights; 20.3 percent modify the electoral system; 19.4 percent that the president has the authority to replace the Armed Forces commanders; and 9 percent that appointment of senators be eliminated. The poll also shows that 47.9 percent are satisfied with the democratic process and 48.5 percent compared to 33.6 percent in 1993 are not satisfied, and that 53.4 percent believe eliminating poverty is a priority issue.

Regarding the government's performance, 50.7 percent believe it is normal or regular; only 15.1 percent are satisfied with the health system, 19 percent with the political system, 25.5 percent with the education system, and 27.6 percent with the economic situation.

Colombia

CGSB Issues Communique Outlining Peace Proposal

PA2401041395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0130 GMT 23 Jan 95

[From the "AM/PM Newscast"]

[FBIS Translated Text] The Simon Bolivar Guerrilla Coordinating Board [CGSB] continues to present public proposals calling for an armistice. On this occasion, the addressee of the proposal is something called the civilian society, comprised of church sectors, labor unions, and nongovernmental organizations.

The guerrillas have begun the new year with a new four-point proposal. According to the rebels, specific points will lead to the establishment of contacts for holding peace talks. The initiative establishes the creation of a zone guaranteeing the suspension of military operations and gives security guarantees to the guerrillas in the area.

This proposal is subject to the government's suspending the distribution of leaflets in rural areas offering rewards for the capture of the main guerrilla leaders. In addition, it calls for the immediate suspension of arrest warrants by Interpol, which prevents CGSB representatives from meeting in a foreign country.

In addition, the communique calls for the revision of the proceedings against approximately 1,000 political prisoners who are today in the different prisons around the country.

In the communique disclosed to the chuch, leftist political parties, nongovernmental organizations, and labor

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unions, the rebels expressed their agreement with Protocol II and the need to begin contacts with the high commissioner for peace.

Rivers Polluted by Oil Spill Following Attack

PA2401040095 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 23 Jan 95

[From the "National Newscast"]

[FBIS Translated Text] A total of 9,000 barrels of oil were spilled into the Magdalena and Simana Rivers following a guerrilla attack on the Ayacucho oil pipeline in Cesar Department. Even though Ecopetrol [Colombian Petroleum Enterprise] tried to hold back the crude oil with three floating barriers, the guerrillas destroyed them. Authorities have been unable to contain the oil spill, and indications are that it will reach the mouth of the Magdalena River on the Atlantic Ocean.

Paraguay

Creation of Private Free Trade Zones Approved

PY2401103795 Asuncion ULTIMA HORA in Spanish 17 Jan 95 p 15

[FBIS Translated Text] The executive branch has promulgated a law authorizing and establishing a regime for private free trade zones in the country. They will be used for services and commercial and industrial activities. The measure is aimed at attracting foreign investments and will grant protection to the flourishing triangular trade system.

Law 523 specifies that the following activities can develop jointly or separately in these free trade zones:

—Commercial activities. These are activities whereby individuals bring goods to the zones and act as intermediaries and whereby such goods are not transformed or modified. The activities include storing, selecting, classifying, manipulating, and mixing goods or raw materials.

—Industrial activities. This includes the manufacturing of goods for export purposes through a process involving transformation of raw materials and/or semi-manufactured national or imported products. It also includes goods that, due to their characteristics, are classified for assemblage.

—Services. This includes activities whereby individuals are dedicated to the repair or maintenance of equipment and machinery.

Other services not mentioned in this law, but which are directed to the international market, may be authorized by the executive branch at the request of the National Council for Free Trade Zones.

Experts in this field point out that right now the law will benefit commercial activities the most given the tariff obligations assumed by the country within the Common Market of the South (Mercosur) framework. The common external tariff in effect for the four countries participating in the regional market particularly hurts the reexport of goods. With this law, local border traders will be compensated through generous tax exemptions granted by the executive branch to those who decide to operate in these free trade zones.

National Council for Free Trade Zones

A National Council for Free Trade Zones, also created by Law 523, will be responsible for supervising and controlling these free trade zones.

The council will be made up of three members appointed by the executive branch representing each of the following institutions: The Finance Ministry, the Industry and Commerce Ministry, and the Public Works and Communications Ministry. The council will also include one representative of users and one representative of the concessionaires.

The council will be responsible for controlling and supervising the operation of the free trade zones. It will also issue an opinion on all applications for free trade zone concessions made to the executive branch and will prepare zone concession contracts for submittal to the executive branch, among other functions.

President Approves Retirement of Military Officers

PY2401010295 Asuncion ABC COLOR in Spanish 21 Jan 95 p 2

[FBIS Translated Text] The Military Forces Social Communications Directorate has released a list of officers whose retirement has been approved. Commander in Chief Juan Carlos Wasmosy made the decision.

The list of officers includes Colonel DEM [graduated from the General Staff School] Miguel Angel Tillner Blanco, Infantry Lieutenant Juan Francisco Riveros Girett, Captain DEM Gaspar Raymond Roman Roman, Noncommissioned Health Officer Maria Elsa da Silva Mello Mendez, and Assistant Pric. [title as published] Domingo Fleitas Sotelo.

The following officers were placed at the disposal of the Foreign Ministry: Captain DEM Blas Luis Eusebio Arambulo Planas, Colonel DEM Jesus Cesar Rios, Colonel Juan Ramon Ugarte Ramirez, and Colonel DEM Luis Dario Chamorro Talavera.

Noncommissioned Officer Amado Juan Ramirez and First Lieutenant PAM [Air Force Pilot] Mauro Tomas Lopez traveled to the United State to take special courses.

Peru

New Poll Indicates Fujimori 'Recovering' Popularity

PY2301163295

[FBIS Editorial Report] Madrid EFE in Spanish at 1554 GMT on 22 January carries an unattributed 550-word

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article on a poll carried out in Peru showing that most people favor the reelection of President Alberto Fujimori. The report begins by stating that after the publication of two polls showing drops of 7 and 3.9 points, respectively, in voter support for the reelection of President Fujimori, the daily EXPRESO published the results of a poll conducted by the "Bits and Bytes" company showing that if elections were held on 23 January, President Fujimori would obtain 50.5 percent of the votes while his closest opponent, Javier Perez de Cuellar, would obtain 25.7 percent.

According to this poll, Democratic Convergence-Viable Country Candidate Alejandro Toledo would obtain 6.7 percent of the votes, while Lima Mayor Ricardo Belmont would be in fourth place with 4.2 percent. According to the poll Fujimori is apparently recovering, while Perez de Cuellar has increased his popularity by 5 percent as compared to the IMASEN poll that granted him 20.1 percent.

In the same poll, 85.6 percent of those consulted by "Bits and Bytes" feel President Fujimori has a better chance than the other candidates, while 50.4 percent believe Fujimori influenced the National Election Board in having his wife, Susana de Fujimori, barred from being a presidential candidate and then later a candidate for a congressional seat.

Those consulted were finally asked about the main problems facing the next government: 49.2 percent believe that the lack of employment is the main problem affecting the country; 62.8 percent feel inflation has not yet been overcome; and 65.9 percent think terrorism has not yet been fully defeated, despite the decline in the political violence the country has experienced.

Susana Higuchi Ends Fast, Declares 'Truce'

PY2301144295 Madrid EFE in Spanish 0221 GMT 20 Jan 95

[FBIS Translated Text] Lima, 20 Jan—Susana Higuchi, wife of Peruvian President Alberto Fujimori, today decided to lift the fast she had started on 17 January. It had caused her health to deteriorate, for which she had been hospitalized at a local clinic.

Higuchi's decision is included in a communique signed by her and issued by a spokesman of the alliance formed by Harmony 21st Century, which is headed by the former first lady, and the Political Military Front. In the communique, Mrs. Higuchi requests the 15 party members who are also on a fast to cease the protest measure.

Susana de Fujimori headed the list of congressional candidates of the alliance, but it was eliminated by the National Election Board (JNE) because it was incomplete. In view of this the Peruvian president's wife decided to protest the JNE decision.

In the communique, Higuchi states that she had decided to lift the fast in view of the many requests made by various political, cultural, and religious groups. She added that this decision is also a "truce" while the JNE "reconsiders" its refusal to register the list.

In the communique Higuchi states: "We are fully aware that ours is a legal claim." She also adds that this position is not "a capitulation, but a truce."

Alex Gonzales, spokesman for the alliance, said that the party had officially requested that the JNE "hear our case."

The JNE rejected the registration of the congressional list on 16 January, and two days later reasserted its decision by rejecting the appeal submitted by Susana de Fujimori's party.

The JNE, whose resolutions are unappealable according to the Constitution, rejected the appeal and declared that the case was closed.

Susana Higuchi's physician reported that the former first lady's health is fine, and that she is recovering "very well."

Election Campaign Notes

95SM0110A (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semanal]

[FBIS Translated Text]

President's Limitations

Ricardo Nugent, chairman of the National Election Board [JNE], maintained that introduction of the bill that places limitations on the president as-candidate does not seek to paralyze the action of the head of state but rather to provide a level playing field for all the aspirants to the highest public office in the nation. Moreover, the Electoral Register of Peru has temporarily removed from the voter rolls a total of 14,000 members of the Armed Forces and National Police who had voter registration cards in their possession, according to a statement made today by the technical director of the Register, Guillermo Quijada Romero. (Most dailies, 23 Dec 1994)

Changes in Timetable

The regulation that authorizes the National Election Board [JNE] to revise certain time limits in the electoral timetable was approved on 25 December, according to Law No. 26411, which was published in EL PERUANO. The measure consists of a single article which authorizes the JNE to restructure the time limits that are prescribed exclusively in Article 38 of Organic Electoral Law No. 26337. The article in question provides that 40 days before the date scheduled for the elections, the local election boards shall be listed—and their members appointed—in simultaneous actions taken by the provincial election boards. (EXPRESO, 26 Dec 1994)

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PPC List

The PPC [Popular Christian Party] National Command, chaired by Miguel Angel Mufarech, announced the names of 57 of the 120 persons who will be the party's candidates in the coming elections. In Lima the list is headed by Antero Flores-Araoz. New officials of the PPC were also elected, including Dr. Abelardo Cumpa for the New Settlements sector; Carlos Villanueva and Julio Cesar Castiglioni for the youth sector; and Esther Alvarez de Gaviaia (the former mayor of Lince) and Malena Pazos de Merino for the women's sector. Mufarech further stated that the order of the list will be decided by the Expanded National Committee on Politics, on which more than 70 persons will serve. (LA REPUBLICA, 21 Dec 1994)

APRA Signs Pact

Mercedes Cabanillas, the APRA [American Popular Revolutionary Alliance] presidential candidate, accompanied by the party's secretary general, Agustin Mantilla, signed the San Marcos Pact on 22 December. The pact—which is sponsored by the Transparency group—had been signed by other political groups last 29 November. The Aprista candidate, however, rejected the participation of provincial inspectors in the administration of the nation's 47 electoral districts on grounds that the inspectors are inadequate in terms of their status and their qualifications. She also reiterated her position to the effect that the Armed Forces should demonstrate an impartial attitude during the general elections of 1995. She said that the JNE should accredit and appoint—to serve in the provincial offices—permanent civil servants preselected by that supreme electoral body. (Most dailies, 23 Dec 1994)

Commentator Decries Attacks

Mirko Lauer says: "The attack on a group of APRA activists in Chiclayo—and the shots fired at the Popular Action delegation in Huanuco—cast an even greater shadow over the electoral scene. One does not know which is worse: a dirty-war conspiracy organized at the highest levels and involving the presence of politicized individual officers who have an uncontrollable antiopposition bias and their finger on the trigger, or the indiscriminate shooting at private vehicles in the provinces. In either case, we can detect the first foul odors of institutional decomposition from political or economic causes. The final result, in all cases, is a climate of insecurity for the campaigns conducted by the opposition in the interior of the country. The interior minister did not even blink when Mercedes Cabanillas asked for his resignation: Officialdom merely smiled at the request. The life of a Peruvian today is still worth nothing, not to mention the civil rights that the nation's armed forces claim to be defending." (LA REPUBLICA, 21 Dec 1994)

JPC Demands More Protection

Ambassador Javier Perez de Cuellar [JPC] declared on 20 December in Ica that the Shining Path movement has not been completely defeated and that if he is elected president he will act with the greatest vigor to avoid any flareup of violence. He demanded vigilance and greater protection for the presidential candidates during the present campaign and thanked the Peruvian National Police for the protection it has provided him, but he reaffirmed his criticism of the National Intelligence Service (SIN) "for distorting public opinion polls in such a way as to benefit the candidate-president." (Most dailies, 21 Dec 1994)

Government Reorganizes National Antidrug Division

PY2401013095

[FBIS Editorial Report] Lima EL COMERCIO in Spanish on 7 January carries, on page A13, an unattributed 900-word article on the reorganization of the National Antidrug Division, Dinandro.

The article says the Interior Ministry released a resolution noting that drug trafficking is "a serious threat to national security, and this is why it is necessary to reorganize the Dinandro." The Dinandro has been criticized in the past for its lack of effectiveness in several drug enforcement operations. A few days ago, the command of the Dinandro was changed. Its chief, Walter Taboada Milla, was designated deputy chief of the National Police General Staff, and General Gustavo Bravo Vargas was designated the new Dinandro chief. Bravo Vargas is also a member of the committee created to reorganize the Dinandro. The other members of the committee are Lieutenant General Manuel Alva Plasencia, director of the National Police; General Cesar Solari Pacheco, intelligence director of the Interior Ministry; General Cesar Bragagnini Aguirre, chief of the Interior Ministry Legal Advisory Department; Colonel Carlos Delgado Medina, chief of the Interior Ministry Sectorial Planning Office; General Alfonso Villanueva Chirinos, director of the National Police Intelligence Department; Colonel Amador Millones Bustamante, chief of the Executive Agency for Drug Control, Ofecod; and a representative of the National Police General Inspector's Office.

The article reports that National Police Director General Victor Manuel Alva Plasencia said the Dinandro is being reorganized with the sole purpose of making it more effective in drug enforcement operations, thus denying that the reorganization is being carried out because some antinarcotics agents are involved in drug trafficking. General Alva Plasencia said the antidrug police force receives training from the DEA based on existing agreements. He also denied that the DEA suggested the reorganization of the Dinandro. He added that a detailed study will be made of how the Dinandro has been operating, the quality of its personnel, and its logistical resources, and the Dinandro will be reorganized based on this study.

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Colombian Plane Carrying 450 Kg Cocaine Intercepted

PY2301142795 Madrid EFE in Spanish 1757 GMT 21 Jan 95

[FBIS Translated Text] Lima, 22 Jan (EFE)—It was reported today that a Colombian plane carrying 450 kg of cocaine paste was intercepted by an Army patrol in Ayacucho. The report added that the Colombian pilot was killed.

According to a Defense Ministry communique, the Army reported that the plane was about to lift off from the Villa Virgen airport, in the Apurimac Valley, in the jungle region of the South Andean department of Ayacucho.

An Army patrol fired shots at the plane, which ran over and killed Corporal Danek Cahuana Tomaylla as it was trying to lift off.

Also killed was Colombian Pilot Alberto Lopez. Copilot Moises Granados, who is also Colombian, was arrested.

Nine sacks containing 450 kg of washed cocaine, worth $20 million on the U.S. market, were found inside the plane.

EXPRESO Wants Access to Emergency Zones

95SM0110C (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semanal]

[FBIS Translated Text] On 22 December 1994 EXPRESO editorialized: "The president of the Republic recently confirmed that the Armed Forces will take charge of the campaign against the narcotics traffic, which is the next great national objective. EXPRESO had suggested that the Army—and specifically not the Air Force—be withdrawn from the campaign, or else that it organize a special group—something similar to the DEA [U.S. Drug Enforcement Agency]—so that if the group is corrupted it will not contaminate the main body of the Army. If, however, despite the danger of contamination, a decision is made to entrust the campaign to the Armed Forces, there should be an explanation as to what preventive measures will be taken to prevent corruption. The interesting thing is that a recent Army communique anticipated the editorial comment and enumerated the measures. This means that a policy of preventing corruption is finally beginning to take shape—a policy that includes more control, less contact with the public, and increased economic compensation. There should also be a substantial increase in pay, although that will not be sufficient. It should be complemented by mechanisms that will provide transparency and thereby enable the public to collaborate in the work of investigation, because—as the president has also said—this is a campaign that involves everyone, civilians and military alike. So far as is known, no such mechanisms have been created or even contemplated; instead, what you have are tension and a lack of communication. The aforementioned Army communique, for example, harshly criticized the publication in recent months of intentionally or unintentionally distorted reports' involving Army personnel who have served—or are serving—on the Huallaga Front and warned that any tendentious campaign intended to restrain the Army in its policy of moralization will meet with an appropriate response.' It was an unwarranted threat. The fact is that in recent months, several officers have reported alleged connivance with the narcotics traffic that directly or indirectly implicated General Eduardo Bellido and other military personnel. These are accusations which—if true—are very serious. In any event, accusations have been made that should be investigated and explained. The Army should provide more information in this connection. Congress, the judiciary, and the press should have access to what is taking place on the Huallaga Front and even to those internal processes of the Armed Forces that relate to the illegal traffic in narcotics. Civilians should also participate in the management of this campaign."

Economic Developments

95SM0110E (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semanal]

[FBIS Translated Text]

Revenue Collection Modernized

The Peruvian Government and the iDB on 20 December signed two technical cooperation agreements designed to support the activities of the nation's two principal revenue collection agencies: SUNAT [National Tax Administration Superintendency] and the National Customs Administration Superintendency [SUNAD]. According to these agreements, of the total funds destined for technical cooperation ($5.4 million), $2.3 million is allocated to a program for modernizing the Customs. Of this latter sum, the IBD is providing $1.5 million and the Peruvian Government $800,000. (EL COMERCIO, 21 Dec 1994)

COFIDE Gets $100 Million

At its final board meeting of the year, held on 21 December in its Washington headquarters, the IBD authorized the approval of five loans (and a technical cooperation agreement) corresponding to the year 1994. These five loans in turn correspond to an equal number of countries that have jointly approved a credit of $100 million to Peru for the purpose of financing medium- and long-term projects of the Peruvian private sector. This credit will be allocated through the medium of the Financial Development Corporation (COFIDE), which will act as the second-level bank. In its dual capacity as executor of the program and as the second-level bank, COFIDE will automatically rediscount the funds to be

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allocated to the financial institutions that are deemed to be eligible to participate in this program. These institutions will in turn lend the funds to the secondary borrowers in accordance with the financial terms to be agreed upon, and they will fully assume the risk entailed by the individual first-level credit operations. (Most dailies, 22 Dec 1994)

Central Bank Intervention

The Central Reserve Bank [BCR] purchased $48 million during the first 21 days of December of this year and will continue to intervene in the market, in order to prevent sudden and speculative fluctuations in the exchange rate. This figure was disclosed by the president of that bank of issue, German Suarez, who maintained that the "BCR has continued to exercise influence on the market in accordance with its program of intervention, which is established at the beginning of each month on the basis of its objective with regard to inflation and emission, taking into consideration the anticipated evolution of the accounts of the public sector and the liquidity requirements of the banking system." He reiterated that December is an atypical month "similar to the month of July, but more so." (Most dailies, 23 Dec 1994)

Leading in Fish

Peru has reaffirmed its position as the world's largest producer of fish in 1994 with the capture of 8.5 million tons of anchovies and 1.58 million tons of other species, according to the statistics compiled by the National Department of Extraction of the Ministry of Fisheries. For its part, the Ocean Institute of Peru (IMARPE) has recommended for 1995—on the basis of technical studies—a permissable catch of 5 million tons for the period from January to September. This figure is conditional upon any increase in the supply of fish available during that period, which means that the volume of the catch could increase. (EL COMERCIO, 27 Dec 1994)

Poverty Issues Discussed

95SM0110B (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semanal]

[FBIS Translated Text]

Food Program for Children

For its part, the daily EXPRESO of 21 December 1994 wrote: "According to the most recent survey of the stature of schoolchildren, almost half (48 percent) of all first-graders suffer from chronic malnutrition, and that figure rises to almost 90 percent in some rural areas of the Sierra. In Lima, because of vitamin and mineral deficiencies, 60 percent of the children are anemic and apathetic and unable to keep up with their school work or—as adults—to be productive workers. Peru can and should solve this problem. Lopez de Roman maintains that establishing an entrepreneurial program scientifically designed to reach the entire needy population (children under five years of age, students, gestating mothers, and nursing mothers) would not cost more than $200 million per year, which is the amount the government already spends on a number of separate and relatively ineffective programs. This program consists basically of designing rations that are technically calculated in accordance with the nutritional requirements of the target population, inviting bids on the production of the corresponding food, and assigning to the firms that win the contract the task of delivering the food to a specified location, at which point the community takes over. No bureaucracy is involved. At the present time such a program reaches 500,000 children in the rural areas of the departments of Cajamarca, Ancash, Junin, Huancavelica, Ayacucho, and Apurimac, which are the poorest in Peru. If the model already exists and its effectiveness has been demonstrated, we need only expand the program."

Poverty Numbers Decline

Several days later (on 25 December 1994) the daily EXPRESO further editorialized: "There is less poverty in Peru than there was three or four years ago. The magazine CUANTO has disclosed the preliminary results of the national survey of living standards that was conducted between May and September of this year. The survey showed that although the incidence of poverty among Peruvians remains very high, it has declined by four percentage points: to 50 percent, down from 54 percent in 1991. The improvement is not spectacular but does establish a consistent trend that will undoubtedly be accentuated as the country continues to grow and the market economy expands. This is no longer mere ideology or theory: it is borne out by the statistics. The market-oriented policies are more correct and are reducing the levels of poverty, whereas statist and popular' policies increase poverty. Of course, going from a 54 percent to a 50 percent poverty rate in three years should not overwhelm us with satisfaction, because at that rate it will take us 37 years to end poverty. The way to speed up the pace, however, is to intensify the reform effort and channel an increasing flow of state resources toward the provision of food, health care, and education for the people who really need these benefits. That is all. The good news is that we know at last what road to take."

Expert Says SL Defeat 'Irreversible'

95SM0110D (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semanal]

[FBIS Translated Text] [Shining Path expert] Raul Gonzalez declared on 21 December that terrorism is already "defeated in Peru" and cannot possibly recover in less than 20 years, despite the fact that it is still active in some zones of the nation. He explained that Shining Path [SL] has split into two irreconcilable gangs and has

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serious economic and organizational problems, and that these factors make its defeat irreversible. "In accordance with its Maoist strategy, this group assigns a high priority to armed conflict in the countryside," Gonzalez explained, "but it will be out of action for at least the next 20 to 25 years, because the Peruvian peasants have rejected it and are now armed and organized." "You might say that Shining Path now has a fifth-rate central committee by comparison with the one it had when Abimael Guzman was at liberty," he added. Shining Path's difficulties, he said, are due to the fact that it is collecting much less money from the narcotics traffic than the money it formerly collected for providing "armed protection" and extorted from businesses. "Inasmuch as Shining Path has lost strength in the cocaine-producing zones because of the presence of the security forces," he explained, "the narcotics traffickers no longer need its protection services." (EXPRESO, 22 Dec 1994)

High-Level Passport, Visa Fraud

95SM0110G (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semanal]

[FBIS Translated Text] Two high-level officials of the Interior Ministry who deal with international travel matters have been found responsible for irregularities in connection with the issuance of visas and passports. The report submitted on 21 December to the Interior Minister, EP [Peruvian Army] General Juan Briones Davila, by the inspector general of the ministry, Dr. Luz Venero—a career lawyer in the ministry—recommends that Fernando Calderon Hurtado, director general of domestic affairs in the ministry and the third-ranking official in the hierarchy, and PNP [Peruvian National Police] Colonel Jose Matayoshi Matayoshi, director general for international travel, be relieved of their duties. The inspectorate also requests that Col. Matayoshi be dismissed from the service as a disciplinary measure. The report states that Col. Matayoshi is alleged to have committed offenses punishable under the Penal Code. (EL COMERCIO, 22 Dec 1994)

Environmental Council Established

95SM0110F (Internet) DESCO Gopher in Spanish 30 Dec 94

[From Resumen Semana]

[FBIS Translated Text] Acting pursuant to the provisions of Law 26410, the Constituent Congress [Congreso Constituyente] has promulgated the National Environmental Council [CONAM] Law, which creates CONAM as the governing body for national environmental policy. Its functions include the planning, promotion, coordination, and control of Peru's natural resources. It will also coordinate its actions in regard to the environment with those of the central government and regional and local governments, to ensure that these actions are consistent with the policies that have been established. CONAM will establish the general criteria and models for environmental regulations and standards and will work in coordination with the various sectors to establish the permissible limits for environmental protection. (EL COMERCIO, 23 Dec 1994)

Venezuela

Finance Ministry Presents New Tax Plan

PA2401123595 Caracas EL UNIVERSAL In Spanish 20 Jan 95 Section 2 p 1

[Report by Alfredo Carquez Saavedra]

[FBIS Translated Text] Finance Minister Julio Sosa Rodriguez yesterday presented a series of measures summed up in 12 points through which the national executive intends to achieve "fiscal and financial consolidation in 1995."

The government will decide when some of these proposals will be implemented, and although the remaining portion will have to be debated in Congress, Finance Minister Sosa Rodriguez said there is a consensus in Congress and the measures "may be subjected to a new "Special Powers Law," as happened almost a year ago with the group of tax laws that shaped the so-called Sosa Plan I.

The following are the 12 points in the Finance Ministry's proposal:

Creation of a National Budget Evaluation Commission.

Partial reformation of the Income Tax Law.

Creation of a tax on mercantile transactions and corporations.

Partial reformation of the Organic Customs Law.

Creation of the National Tax Guarantee.

Modification of the Decentralization Fund's legal system.

Implementation of the public finances administration and control system.

Creation of the National Treasury Service.

Partial reformation of the Capital Market Law.

Settlement of debts involving the Draw Back [previous two words in English] mechanism.

Support for new investments in industry, agroindustry and tourism.

In reference to the tax on mercantile transactions and corporations, better known as the Financial Transactions Law, Sosa Rodriguez said that his idea is to keep this tax in force for two years. As has been announced,

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the proposed rate is 0.5 percent, an aliquot that is expected to yield 50 billion bolivares in 1995 and 100 billion in 1996.

Sosa Rodriguez said that with the reactivation of the customs tax return system, which operates under the Draw Back [two previous words in English] system, he plans to encourage nontraditional exports, which in 1994 came to almost 25 percent of Venezuela's total sales of goods and services in the international markets.

This measure implies that the state must settle the 20 billion bolivares debt it has with its exporters. To do this, the Seniat [National Integrated Service for Tax Administration] has been instructed to prepare a schedule of payments.

The measure is an effort to garner close to $5 billion in nontraditional exports in 1995. The medium-term goal is to quickly achieve a situation in which nontraditional exports will cover the country's import needs, while income from the sale of oil will be used to pay the absurd debt we have accrued, and hasten work on social programs.

In response to certain questions concerning the system of incentives that will be created for new investments, Sosa Rodriguez explained that one of those incentives will deal with customs tariffs and the sales tax.

He also commented that in the plan to convert debts into investments, which has been implemented over the past five years, operations were conducted using investments that had already been made, but an attempt is now being made to establish a program that will focus on new investments instead of "investments in which someone purchases an already existing hotel or factory."

Fiscal and Financial Consolidation Measures for 1995 Within the Framework of the Economic Stabilization and Recovery Plan

1. A Budget Evaluation Commission will be created to review the amounts spent by the various offices of the central administration and the federal district administration with a view to reducing regular spending and preparing the 1996 budget and thus establishing a methodology for future budgets.

2. The partial reformation of the Income Tax Law, which establishes a tax exemption on interest payments for the purchase of a main residence at 700 tax units and for housing rental at 500 tax units.

3. The creation of a tax on mercantile transactions and corporations. Taxable income will be the gross total of all taxable operations, without deductions for commissions or expenses, regardless of their nature. The general aliquot of the tax will be 0.5 percent (0.5

) of the total amount transacted.

4. The partial reformation of the Organic Customs Law to introduce mechanisms to facilitate and simplify customs procedures will be implemented, in addition to certain control measures that will guarantee that taxpayers fulfill their duties and thereby safeguard the treasury's interests. Tax units will be established for minimum and maximum totals, and customs rates will also be established. The reform introduces the use of computerized customs statements and calls for customs agents to be supportive and responsible for the actions and omissions of their employees and representatives. Also, and for the first time in Venezuelan legislation, selective customs appraisals have been introduced. Until now, it was our legal duty to acknowledge 100 percent (100

) of all shipments. The reform will make it possible to punish individuals involved in contraband by administrative means in smaller cases, and by legal means in large-scale contraband cases.

5. The creation, by ruling, of the National Tax Guarantee, a National Guard body assigned to the Seniat, which will provide aid and support to the National Tax Administration. The National Tax Guarantee's attributes are those conferred by the Organic Public Finance Law. These attributes basically include its intervention as a Seniat aide in cases of customs crimes, as well as during inspections to confirm the fulfillment of formal obligations involving indirect taxes.

6. The modification of the Decentralization Fund (Fides) legal system, to allow the use of a larger percentage of resources to settle labor debts. This modification will have a positive effect on the decentralization procedures the national government is conducting.

7. The organization and implementation of the Public Finances Management and Control System [Sistema de Gestion y Control de las Finanzas Publicas—Sigecof], basically designed to reorganize the bodies that direct the state's financial administration so that they can continually improve the administration of public spending and provide the national executive with controls and internal auditing systems for the national public administration.

8. The creation, within the framework of Sigecof, of the National Treasury Service, which will centralize treasury duties at the national public administration level. It will be joined by other public bodies that administer national funds. Under the new concept, a consolidated National Treasury Service will administer liquid funds using international criteria to make consistent financial and monetary policy decisions, thus becoming an efficient fund collector and payments executor.

This will allow for administrative control—without detriment to the external control exercised by the Office of the Comptroller General of the republic—of the final destination of resources assigned to various organizations and will ensure fulfillment of programs provided for in their respective budgets.

9. The partial reformation of the Capital Market Law, based on a broad consensus, which converts the National

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Securities Commission into an autonomous body, with legal status, an estate of its own separate from the national treasury. The bill proposes the drafting of a document that grants the National Securities Commission broad regulatory powers to issue regulations based on its own precepts. The reform creates a centralized securities deposit. It also contemplates the modernization of the National Securities Registry, the elimination of the Open Capital Stock Companies Registry (Saica), control of investment funds and their administrative partnerships, and control of stock brokers and stock exchange operators.

10. The settling of debts with exporters through the Draw Back [two previous words in English] mechanism and the consolidation of appraisal and payment procedures by stepping up internal requirements so that exporters will have a useful and appropriate system that will encourage exports. Also under consideration is the creation of administrative and inspection procedures, in accordance with the regulation approved in December, for tax returns generated by the Value Added Tax (IVA) and the Luxury and Wholesale Tax (Icsvm).

11. Reactivation of the mechanisms to convert debts into investments aimed particularly at tourism development.

12. Support for new investments in the areas of industry, agroindustry, and tourism through tax incentive mechanisms for new investments and the expansion of existing investments in those areas.

Program for Tax Reform and Fiscal Modernization 1994 (Sosa Plan)

1. Special Powers Law

Luxury and Wholesale Tax (ICSVM) Law

Bank Debit Tax (IDB) Law

Public Works and Public Services Concessions Law

Reformation of the Ortanic Tax Code

Reformation of the Income tax (ISLR) Law

Reformation of the Budget Law.

Reformation of the Privatization Law.

Reformation of the Stamp Tax Law.

2. Creation of the National Integrated Service for Tax Administration (Seniat)

Creation statute

Internal rules

Human resources Statute

Modernization of National Customs

Inspection programs

Ethics Code

3. Financial Reform Program

Capitalization of banks and openness to foreign capital

New Insurance Law: openness to foreign capital and strengthening of the superintendancy

New Capital Market Law

On Banks, Little [subhead]

The reporters asked the finance minister many questions regarding the financial crisis and the possible nationalization of banks. The minister, however, chose not to dwell on those issues.

Sosa Rodriguez evaded a difficult situation by saying that the meeting had not been called to "discuss financial issues." After adding that those issues "are under profound consideration and that statements with regard to them would be given in due time," he evaded further reference to the financial crisis.

Nevertheless, he was asked again, this time about information that emerged from the General Bank Superintendency to the effect that the government plans to intervene into more financial institutions. In response, Sosa Rodriguez said: "I did not know that he (Tesalio Cadenas) was in congress today. Yesterday (18 January) he went before the congressional Finance Commission and I did not hear him say this. I have no information in that regard." Nevertheless, Sosa Rodriguez said that it is up to the General Bank Superintendency, as an autonomous body, to make recommendations to the Financial Emergency Board and to state the measures it would like to implement.

Minister of Commerce Comments on Regional Integration

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[FBIS Translated Text] Caracas, 19 Jan (NOTIMEX)—The Venezuelan Government will maintain its economic integration policy aimed at establishing a hemispheric commercial corridor, Minister of Industry and Commerce Alberto Poletto said today.

At the inauguration of a meeting of experts on new regional trade topics, sponsored by the Latin American Economic System (SELA), Poletto said that "integration agreements do not merely deal with commercial aspects."

"The subjects of services, investments, labor relations, and environment are part of a new dimension in international economic relations, which leads us to believe that a new economic order will be established in that regard," he noted.

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Poletto added that Venezuela will keep current on subjects linked to the modernization of commercial relations and integration, for whose financing the government has decreed the creation of a Foreign Trade Bank.

Meanwhile, SELA Permanent Secretary Salvador Arriola, from Mexico, said that the new international commercial order will require a revision of internal policies linked to the defense of "sovereignty."

"The new international situation is also creating the need to modify our institutional system and our internal regulations, which requires a strong and healthy state apparatus," he stressed.

Arriola added that the traumas inherent to adapting to an international economic system going through constant and quick transformations affects all nations.

The results from the Uruguay Round have introduced substantial changes in the configuration of world trade and have reflected economic transformations caused by globalization, he noted.

The effect of globalization in the last phase of the Uruguay Round "will introduce even more substantial changes due to the political scope of subjects as well as the new negotiation processes it implies," he stressed.

Arriola added that the globalization of production has turned some internal matters into global matters that must be reviewed jointly in order to facilitate an accelerated integration process.

During the two-day meeting, approximately 50 experts in international trade will analyze the new perspectives on these topics and their effects in Latin America and the Caribbean.

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